

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996

Commission File Number 0-9314

ACCESS PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	83-0221517
-----	-----
(State of Incorporation)	(I.R.S. Employer I.D. No.)
2600 Stemmons Frwy, Suite 210, Dallas, TX 75207	

(Address of principal executive offices)	

Telephone Number (214) 905-5100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirement for the past 90 days.

Yes	X	No
-----	-----	-----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock outstanding as of August 12, 1996	31,391,324 shares, \$0.04 par value
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Total No. of Pages 12

PART I -- FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

The response to this Item is submitted as a separate section of this report.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In connection with the merger of Access Pharmaceuticals, Inc., a Texas corporation ("API") with and into the Chemex Pharmaceuticals, Inc. ("Chemex") on January 25, 1996, the name of Chemex was changed to Access Pharmaceuticals, Inc. ("Access" or the "Company").

Subsequent to the merger of API into Access (the "Merger"), the Company has

been managed by the former management of API and the focus of the Company has changed to the development of enhanced parenteral therapeutic and diagnostic imaging agents through the utilization of its patented and proprietary endothelial binding technology which selectively targets sites of disease. The Company has a broad platform technology for enhancing the site targeting of intravenous therapeutic drugs, MRI contrast agents and radiopharmaceutical diagnostic and therapeutic agents. The Access technology is based on natural carbohydrate carriers.

The technology development of the Company is currently focused on increasing the therapeutic benefit of oncology agents and improving the efficiency of oncology diagnosis by selectively targeting sites of disease and accelerating drug clearance.

The Company has developed four possible product candidates, two of which are anticipated to be ready to be advanced into human testing in the next twelve months. These product candidates are new formulations of existing compounds which increase therapeutic efficacy and reduce toxicity, designed to address the clinical shortfalls of available treatments.

As a result of the Merger and immediately after the Merger, the former API stockholders owned approximately 60% of the issued and outstanding shares of the Company. Generally accepted accounting principles require that a company whose stockholders retain the controlling interest in a combined business be treated as the acquiror for accounting purposes. As a consequence, the Merger is being accounted for as a "reverse acquisition" for financial reporting purposes and API has been deemed to have acquired an approximate 60% interest in Chemex. Despite the financial reporting requirement to account for the acquisition as a "reverse acquisition," Chemex (now called Access) remains the continuing legal entity and registrant for Securities and Exchange Commission reporting purposes.

The unaudited balance sheets, statements of operations and statements of cash flows have been prepared using "purchase" accounting for the Merger, with API as the acquirer. The values used in the preparation of the financial statements were determined based on negotiations between Chemex and API and comparable values for companies at API's stage of development. As a result, common stock and paid in capital of API was recorded at a \$10.0 million valuation. The excess purchase price over the fair value of Chemex's assets was written off in the first quarter of 1996. The accompanying balance sheet at December 31, 1995 and the related statements of operations and cash flows for the six months ended June 30, 1995 are the statements of API.

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RECENT DEVELOPMENTS

On April 26, 1996, Access executed a letter of intent to acquire Tacora Corp., a privately-held pharmaceutical company based in Seattle. The transaction is currently scheduled to close in the next 30-60 days. Under the terms of the letter of intent, the purchase price is contingent upon the achievement of certain milestones. Stock up to a maximum value of \$14,000,000 could be payable to Tacora's shareholders over a 30 month period on an escalating value over the milestone period. The consummation of the transaction is subject to customary conditions to closing including completion of due diligence, negotiation of definitive documents and approval of the stockholders of Tacora Corp.

Liquidity and Capital Resources

Working capital as of June 30, 1996 was \$5,796,000, an increase of \$6,311,000 as compared to the working capital as of December 31, 1995 of \$(515,000). The increase in working capital was principally due to \$6 million in proceeds from the private placement of 8.57 million shares of common stock in March 1996 and the addition of \$1.69 million in working capital of Chemex resulting from the Merger between Chemex and API, offset by payments for 1996 operating expenses, \$56,000 for 1996 capital lease payments and \$480,000 for payment to a consultant as a result of the completion of the private placement. The net cash infusion from the private placement will be used to continue the development of the Access technology. The shares issued in the private placement have been registered and the investors have agreed not to sell any of the shares purchased in the offering until September 5, 1996.

Management believes its working capital will cover planned operations through

December 1997.

Currently royalty revenues are not expected during 1996. Research and development expenditures to advance products into human testing will remain high for several years and there can be no assurance that the Company will be successful in attaining a partner or future equity financing to complete the testing of its products.

Second Quarter 1996
Compared to
Second Quarter 1995

The Company had no revenue in the second quarter 1996 as compared to \$395,000 in 1995. Second quarter 1995 revenues were comprised of sponsored research and development revenues from an agreement that was terminated in June 1995.

Total research spending for the second quarter of 1996 was \$243,000 as compared to \$204,000 for the same period in 1995, an increase of \$39,000. The increase in expenses was the result of the increase staffing for the projects. Research spending will increase in future quarters as the Company has hired additional scientific management and staff and is accelerating activities to develop the Company's product candidates.

Total general and administrative expenses were \$388,000 for the second quarter of 1996, an increase of \$255,000 as compared to the same period in 1995. The increase in spending was due primarily to the following: increased professional expenses due to the Merger, Private Placement offering and public company reporting and compliance requirements \$79,000; salaries and moving expenses of recently hired employees \$53,000; patent expenses of \$37,000; director fees and director and officer insurance- \$31,000; general business consulting fees and expenses- \$20,000; and other increases of \$35,000.

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Accordingly, total expenses were \$681,000, with interest income of \$50,000 resulting in a loss for the quarter of \$631,000, or \$.02 per share.

Six Months ended June 30, 1996
Compared to
Six Months ended June 30, 1995

Net revenues for the six months ended June 30, 1996 were \$165,000 as compared to the same period in 1995 of \$530,000 a decrease of \$365,000. 1996 revenues related entirely to an option agreement for rights to certain of the Company's technology that terminated in April 1996. 1995 revenues were entirely comprised of sponsored research and development revenues from an agreement that was terminated in June 1995.

Research spending for the six months ended June 30, 1996 was \$424,000 as compared to \$419,000 for the same period in 1995, an increase of \$5,000. Research spending will increase in future quarters as the Company has hired additional scientific management and staff and is accelerating activities to develop the Company's product candidates.

General and administrative expenses were \$724,000 for the six months ended June 30, 1996, an increase of \$437,000 as compared to the same period in 1995. The increase was due to the following: increased professional expenses due to the Merger, Private Placement offering and public company reporting and compliance requirements - \$188,000; director fees and director and officer insurance- \$72,000; salaries and moving expenses of newly hired employees \$71,000; general business consulting fees and expenses -\$35,000; patent expenses of \$27,000; and other increases of \$44,000.

Excess purchase price over the fair value of Chemex's assets of \$8,314,000 was recorded in the first quarter due to the merger between API and Chemex.

Accordingly, total expenses were \$9,561,000, including \$8,314,000 of excess purchase price written off in the first quarter, which resulted in a loss for the six months ended June 30, 1996 of \$9,316,000, or \$.33 per share.

Certain statements in this Form 10-Q including Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements that involve risks and uncertainties. In addition to the risks and

uncertainties set forth in this Form 10-Q, other factors could cause actual results to differ materially, including but not limited to the Company's research and development focus, uncertainties associated with research and development activities, future capital requirements and dependence on others, and other risks detailed in the Company's reports filed under the Securities Exchange Act, but not limited to including the Company's Annual report on Form 10-K for the year ended December 31, 1995.

PART II -- OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

None

ITEM 2 CHANGES IN SECURITIES

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

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ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders was held on June 21, 1996 in New York, NY. At that meeting the following matters were submitted to a vote of the stockholders of record. All such proposals were approved by the stockholders, as follows:

- * Dr. Max Link was elected as a Director for a three year term. The votes were 24,761,046 for and 69,310 against.
- * A proposal to amend the Company's certificate of incorporation to increase the number of authorized shares of Common Stock of the Company from 40,000,000 to 60,000,000 shares was approved with 24,528,599 for, 245,155 against, 29,452 abstained and 27,150 did not vote.
- * An amendment to the Company's 1995 Stock Option Plan that provides that for each year that a non-employee director serves as a director of the Company, the director would receive a non-statutory option to purchase 6,667 shares of Common Stock, but would no longer receive a non-statutory option to purchase 20,000 shares of Common Stock upon any re-election to the Board of Directors of the Company was approved with 23,454,779 for, 316,287 against, 59,440 abstained and 999,850 did not vote.
- * A proposal to ratify the appointment of KPMG Peat Marwick LLP as independent certified public accountants for the Company for fiscal year December 31, 1996 was approved with 24,705,988 for, 104,613 against and 19,755 abstained.

ITEM 5 OTHER INFORMATION

On April 26, 1996, Access executed a letter of intent to acquire Tacora Corp., a privately-held pharmaceutical company based in Seattle. The transaction is currently scheduled to close in the next 30-60 days. Under the terms of the letter of intent, the purchase price is contingent upon the achievement of certain milestones. Stock up to a maximum value of \$14,000,000 could be payable to Tacora's shareholders over a 30 month period on an escalating value over the milestone period. The consummation of the transaction is subject to customary conditions to closing including completion of due diligence, negotiation of definitive documents and approval of the stockholders of Tacora Corp.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

Exhibits: 2.1 - Amended and Resulted Bylaws
10.18 - Amended Stock Option Plan

Reports on Form 8-K: None

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SIGNATURES

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

ACCESS PHARMACEUTICALS, INC.

Date: August 12, 1996 By: /s/ Kerry P. Gray

Kerry P. Gray
President and Chief Executive Officer

Date: August 12, 1996 By: /s/ Stephen B. Thompson

Stephen B. Thompson
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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ACCESS PHARMACEUTICALS, INC.
a development stage company

Balance Sheets

<TABLE> <CAPTION> Assets	June 30, 1996	December 31, 1995
-----	-----	-----
<S>	<C>	<C>
Current Assets		
Cash and cash equivalents	\$5,980,000	\$ 30,000

Accounts receivable	-	3,000
Prepaid expenses and other current assets	146,000	4,000
	-----	-----
Total current assets	6,126,000	37,000
	-----	-----
Property and Equipment, at cost	559,000	558,000
Less accumulated depreciation	(245,000)	(173,000)
	-----	-----
	314,000	385,000
	-----	-----
Other Assets	2,000	2,000
	-----	-----
Total Assets	\$6,442,000	\$424,000
	=====	=====

Liabilities and Stockholders' Equity (Deficit)

Current Liabilities

Accounts payable and accrued expenses	\$184,000	\$169,000
Unearned revenue	-	150,000
Note payable due to Chemex Pharmaceuticals, Inc.	-	100,000
Current portion of obligations under capital leases	146,000	133,000
	-----	-----
Total current liabilities	330,000	552,000
	-----	-----

Obligations under capital leases, net of current portion	151,000	220,000
Note payable	110,000	-
	-----	-----
Total liabilities	591,000	772,000
	-----	-----

Stockholders' Equity (Deficit)

Preferred stock, at June 30, 1996 \$.01 par value, authorized 10,000,000 shares, none issued or outstanding; at December 31, 1995, \$.10 par value, authorized 1,000,000 shares, none issued or outstanding	-	-
Common stock, at June 30, 1996 \$.04 par value, authorized 60,000,000 shares, issued and outstanding 31,377,610 shares; at December 31, 1995 \$.01 par value, and outstanding 3,639,928 shares	1,255,000	36,000
Additional paid-in capital	17,756,000	3,460,000
Deficit accumulated during the development stage	(13,160,000)	(3,844,000)
	-----	-----
Total Stockholders' Equity (Deficit)	5,851,000	(348,000)
	-----	-----

Total Liabilities and Stockholder's Equity (Deficit)	\$6,442,000	\$424,000
	=====	=====

</TABLE>

See accompanying notes to financial statements and Management's Discussion and Analysis of Financial Conditions and Results of Operations.

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ACCESS PHARMACEUTICALS, INC.
a development stage company

Statements of Operations

<TABLE>

<CAPTION>

Three Months ended June 30,		Six Months ended June 30,		February 24, 1988
-----	-----	-----	-----	(inception) to
1996	1995	1996	1995	June 30, 1996

<S>	<C>	<C>	<C>	<C>	<C>	<C> Revenues
Research and development	\$ -	\$ 395,000	\$ -	\$ 530,000	\$ 2,711,000	
Option income	-	-	165,000	-	2,037,000	
Total Revenues	-	395,000	165,000	530,000	4,748,000	
Research and development	243,000	204,000	424,000	419,000	4,950,000	
General and administrative	388,000	133,000	724,000	287,000	4,111,000	
Interest	14,000	15,000	27,000	36,000	103,000	
Depreciation and amortization	36,000	31,000	72,000	62,000	843,000	
Writeoff of excess purchase price	-	-	8,314,000	-	8,314,000	
Total Expenses	681,000	383,000	9,561,000	804,000	18,321,000	
Net income (loss) from operations	(681,000)	12,000	(9,396,000)	(274,000)	(13,573,000)	
Other Income						
Interest and miscellaneous income	50,000	1,000	80,000	4,000	539,000	
Net income (loss) before income taxes	(631,000)	13,000	(9,316,000)	(270,000)	(13,034,000)	
Provision for income taxes	-	-	-	127,000		
Net income (loss) after income taxes	\$(631,000)	\$13,000	\$(9,316,000)	\$(270,000)	\$(13,161,000)	
Net income (loss) per common share	\$(0.02)	\$0.00	\$(0.33)	\$(0.09)		
Average number of common and equivalent common shares outstanding	31,346,866	2,918,328	28,285,296	2,918,328		

</TABLE>

See accompanying notes to financial statements and Management's Discussion and Analysis of Financial Conditions and Results of Operations

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ACCESS PHARMACEUTICALS, INC.
a development stage company

Statements of Cash Flows

<TABLE>

<CAPTION>

Six Months ended June 30, February 24, 1988
(inception) to
1996 1995 June 30, 1996

<S>	<C>	<C>	<C>
Cash Flows form Operating Activities			
Net loss	\$(9,316,000)	\$ (270,000)	\$(13,161,000)
Adjustments to reconcile net loss to cash used in operating activities:			
Write off of excess purchase price	8,314,000	-	8,314,000
Depreciation and amortization	72,000	62,000	843,000
Change in assets and liabilities:			
Accounts receivable	3,000	-	-
Prepaid expenses and other current assets	(142,000)	15,000	(147,000)
Accounts payable and accrued expenses	15,000	(17,000)	137,000

Unearned revenue	(150,000)	(135,000)	-
	-----	-----	-----
Net Cash Used in Operating Activities	(1,204,000)	(345,000)	(4,014,000)
	-----	-----	-----
Capitalized expenditures	(1,000)	-	(1,111,000)
	-----	-----	-----
Net Cash Used in Investing Activities	(1,000)	-	(1,111,000)
	-----	-----	-----
Cash Flows From Financing Activities			
Payments on obligations under capital leases	(56,000)	(67,000)	(205,000)
Proceeds from notes payable	110,000	-	712,000
Proceeds from Merger with Chemex Pharmaceuticals	1,587,000	-	1,587,000
Proceeds from stock issuances, net	5,514,000	-	9,011,000
	-----	-----	-----
Net Cash Provided By (Used in) Financing Activities	7,155,000	(67,000)	11,105,000
	-----	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	5,950,000	(412,000)	5,980,000
Cash and Cash Equivalents at Beginning of Year	30,000	533,000	-
	-----	-----	-----
Cash and Cash Equivalents at End of Period	\$5,980,000	\$121,000	\$5,980,000
	=====	=====	=====

Supplemental disclosure of
non cash transactions:
eliminations of note payable
to Chemex Pharmaceutical
due to Merger 100,000

See accompanying notes to financial statements and Managements Discussion and
Analysis of Financial Conditions and Results of Operations

ACCESS PHARMACEUTICALS, INC.
a development stage company
Notes to Financial Statements
Six Months Ended June 30, 1996 and 1995

(1) Interim Financial Statements

The balance sheet as of June 30, 1996 and the statements of operations and cash flows for the six months ended June 30, 1996 and 1995 were prepared by management without audit. In the opinion of management, all adjustments, including only normal recurring adjustments necessary for the fair presentation of the financial position, results of operations, and changes in financial position for such periods, have been made, except for the merger accounting discussed below.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. The results of operations for the period ended June 30, 1996 are not necessarily indicative of the operating results which may be expected for a full year. The balance sheet as of December 31, 1995 contains financial information taken from the audited financial statements of Access Pharmaceuticals, Inc., a Texas corporation, ("API") as of that date.

API merged with and into Chemex Pharmaceuticals, Inc. ("Chemex") on January 25, 1996. Under the terms of the agreement, API was merged into Chemex with Chemex as the surviving legal entity. The name of changed to Access Pharmaceuticals, Inc. ("Access" or the "Company"). The Company acquired all of the outstanding shares of API in exchange for 13,919,979 shares of its registered common stock.

The Company is engaged in research and development activities with a broad platform technology for enhancing the site targeting of intravenous therapeutic drugs, MRI contrast agents and radiopharmaceutical diagnostic and therapeutic agents. The Access technology is based on natural carbohydrate carriers.

As a result of the merger and immediately after the merger, the former API stockholders owned approximately 60% of the issued and outstanding shares of the Company. Generally accepted accounting principles require that a company whose stockholders retain the controlling interest in a combined business be treated as the acquiror for accounting purposes. As a consequence, the merger was accounted for as a "reverse acquisition" for financial reporting purposes and API has been deemed to have acquired an approximate 60% interest in Chemex. Despite the financial reporting requirement to account for the acquisition as a "reverse acquisition," Chemex remains the continuing legal entity and registrant for Securities and Exchange Commission reporting purposes. However, the name of Chemex was changed to Access Pharmaceuticals, Inc. ("Access" or the "Company").

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ACCESS PHARMACEUTICALS, INC.
a development stage company
Notes to Financial Statements
Six Months Ended June 30, 1996 and 1995

The unaudited financial statements at June 30, 1996 have been prepared using "purchase" accounting for the merger with API as the acquirer. The values used in the preparation of the financial statements were determined based on negotiations between Chemex and API and comparable values for companies at API's stage of development. As a result, common stock and paid in capital of API was recorded at a \$10.0 million valuation. The excess purchase price over the fair value of Chemex's assets of \$8,314,000 was written off in the first quarter of 1996. The balance sheet at December 31, 1995 and the related statements of operations and cash flows for the six months ended June 30, 1995 are the statements of API.

Proforma condensed results of operations "as if" the acquisition had been made on January 1, 1996 and 1995, respectively, are as follows:

	Six months ended June 30	
	1996	1995
Revenues	\$245,000	\$876,000
Expenses	1,228,000	2,280,000
Net (loss)	(983,000)	(1,404,000)
Lossper share	\$(0.03)	\$(0.06)

- (2) In March 1996 the Company concluded a \$6 million Private Placement of 8.57 million shares of common stock. The cash infusion will be used to continue the advancement of the Access technology which focuses on increasing the therapeutic benefit and improving the efficacy of oncology therapeutics and diagnostic agents by selectively targeting sites of disease and accelerating drug clearance.
- (3) SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," effective for fiscal years beginning after December 15, 1995, requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances

indicate that the carrying amount may not be recoverable. In addition, this statement requires that long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less cost to sell. The Company adopted this statement January 1, 1996, and the adoption of SFAS No. 121 did not have material impact on the financial statements of the Company.

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ACCESS PHARMACEUTICALS, INC.
a development stage company
Notes to Financial Statements
Six Months Ended June 30, 1996 and 1995

- (4) SFAS No. 123, "Accounting for Stock Based Compensation", effective for fiscal years beginning after December 15, 1995 established financial, accounting and reporting standards for stock-based employee compensation plans. These plans include all arrangements by which employees receive shares of stock or other equity investments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. This statement also applies to transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. The Company has elected to account for employee stock compensation plans under APB 25 will disclose the required pro forma effect on net income and earnings per share in the Company's year ending December 31, 1996 financial statements.
- (5) On April 26, 1996, Access executed a letter of intent to acquire Tacora Corp., a privately-held pharmaceutical company based in Seattle. The transaction is currently scheduled to close in the next 30-60 days. Under the terms of the letter of intent, the purchase price is contingent upon the achievement of certain milestones. Stock up to a maximum value of \$14,000,000 could be payable to Tacora's shareholders over a 30 month period on an escalating value over the milestone period. The consummation of the transaction is subject to customary conditions to closing including completion of due diligence, negotiation of definitive documents and approval of the stockholders of Tacora Corp.

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BYLAWS OF
ACCESS PHARMACEUTICALS, INC.

ARTICLE I

Offices and Agents

1. Principal Office. The principal office of the Corporation may be located within or without the State of Delaware, as designated by the board of directors. The Corporation may have other offices and places of business at such places within or without the State of Delaware as shall be determined by the directors.
2. Registered Office. The registered office of the Corporation required by the General Corporation Law of Delaware must be maintained in the State of Delaware, and it may be, but need not be, identical with the principal office, if located in the state of Delaware. The address of the registered office of the Corporation may be changed from time to time as provided by the General Corporation Law of Delaware.
3. Registered Agent. The Corporation shall maintain a registered agent in the State of Delaware as required by the General Corporation Law of Delaware. Such registered agent may be changed from time to time as provided by the General Corporation Law of Delaware.

ARTICLE II

Stockholders Meetings

1. Annual Meetings. Unless otherwise determined by the board of directors, the annual meeting of the stockholders of the Corporation shall be held at a reasonable hour on the second Wednesday of May unless that day be a holiday, in which case said meeting shall be held on the next business day following that day. The annual meeting of the stockholders shall be held for the purpose of electing directors and transacting such other corporate business as may come before the meeting.
2. Special Meetings. Special meetings of the stockholders of the Corporation may be called at any time by the chairman of the board of directors, if any, by the president or by resolution of the board of directors.

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The notice or call of a special meeting shall state the purpose or purposes for which the meeting is called.

3. Place of Meeting. The annual meeting of the stockholders of the Corporation may be held at any place, either within or without the State of Delaware, as may be designated by the board of directors. Except as limited by the following sentence, the person or persons calling any special meeting of the stockholders may designate any place, within or without the State of Delaware, as the place for the meeting. If no designation is made or if a special meeting shall be called other than by the board of directors, the chairman of the board of directors or the president, the place of meeting shall be the principal office of the Corporation. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place for such meeting.
4. Notice of Meeting. Except as otherwise provided in these Bylaws or by the laws of the State of Delaware, written or printed notice stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered either personally or by mail to each stockholder of record entitled to vote at such meeting not

less than ten (10) nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. An affidavit of the secretary, assistant secretary, if any, or transfer agent of the Corporation that notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

5. Waiver of Notice. Any stockholder, either before, at, or after any stockholders' meeting, may waive notice of the meeting, and his waiver shall be deemed the equivalent of giving notice. Attendance at a stockholders' meeting, either in person or by proxy, by a person entitled to notice thereof shall constitute a waiver of notice of the meeting unless he attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened.

6. Fixing of Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors of the Corporation may

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fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of the meeting; not more than ten (10) days after the record date for determining shareholders entitled to express consent is fixed; and not more than sixty (60) days prior to the date of any other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting was held; (ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is delivered to the Corporation at its principal place of business or such other place as designated by the boards of directors; (iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the board of directors may fix a new record date for the adjourned meeting.

7. Voting List. The officer or agent who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, or any adjournment thereof, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the books of the Corporation or to vote in person or by proxy at any meeting of stockholders.

8. Polls. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors

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after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

9. Proxies. Any stockholder entitled to vote at a meeting of the stockholders, or to express consent or dissent to corporate action in writing without meeting may authorize another person or persons to act for him by proxy. No proxy shall be voted or acted upon after three (3) years from the date of its execution unless the proxy expressly provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Without limiting the manner in which a stockholder may authorize another person or persons to act for him by proxy, the following shall constitute a valid means by which a stockholder may grant such authority.

A stockholder may execute a writing authorizing another person or persons to act for him as proxy. Execution may be accomplished by the stockholder or his authorized officer, director, employee or agent signing such writing or causing his signature to be affixed to such writing by any reasonable means including but not limited to, by facsimile signature.

A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmission are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

Any copy facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Paragraph 9 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other

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reproduction shall be a complete reproduction of the entire original writing or transmission.

10. Voting Rights. Each outstanding share, regardless of class, shall be entitled to one vote, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of stockholders except to the extent that the voting rights of the shares of any class or classes are limited or denied by the Certificate of Incorporation.

At each election for directors every stockholder entitled to vote at such election shall have the right to vote in person or by proxy

the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, and cumulative voting in the election of such directors shall be permitted.

Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the Corporation he has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon.

The Corporation's own capital stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Nothing in this section shall be construed as limiting the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Shares which have been called for redemption shall not be deemed to be outstanding shares for the purpose of voting or determining the total number of shares entitled to vote on any matter on and after the date on which written notice of redemption has been sent to holders thereof and a sum sufficient to redeem such shares has been irrevocably deposited or set aside to pay the redemption price to the holders of the shares upon surrender of certificates there for.

If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the secretary of the Corporation is given written notice to the contrary and is furnished with a

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copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one (1) votes, his act binds all; (ii) if more than one (1) votes, the act of the majority so voting binds all; (iii) if more than one (1) votes, but the vote is evenly split on any particular matter each faction may vote the securities in question proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the Court of Chancery or such other court as may have jurisdiction to appoint an additional person to act with the persons so voting the shares, which shall then be voted as determined by a majority of such persons and the person appointed by the Court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this subsection shall be a majority or even split in interest.

11. **Inspectors or Election.** Prior to holding any meeting of stockholders, the Corporation shall appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each; (ii) determine the shares represented at a meeting and the validity of proxies and ballots; (iii) count all votes and ballots; (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their

determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Article II, Paragraph 9 of these Bylaws, any records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is

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authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

12. Quorum. Except as otherwise provided in the Certificate of Incorporation, the presence, in person or by proxy, of the holders of a majority of the shares outstanding and entitled to vote shall constitute a quorum at meetings of the stockholders. In all matters, other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and actually voting on the subject matter shall be the act of the stockholders. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. In the event any stockholders withdraw from a duly organized meeting at which a quorum was initially present, the remaining shares represented shall constitute a quorum for the purpose of continuing to do business, and the affirmative vote of the majority of the remaining shares represented at the meeting and entitled to vote on the subject matter shall be the act of the stockholders unless the vote of a greater number or voting by classes is required by the General Corporation Law of Delaware or the Certificate of Incorporation.

13. Adjournments. If less than a quorum of the outstanding shares entitled to vote is represented at any meeting of the stockholders, a majority of the shares so represented may adjourn the meeting from time to time for a period not to exceed thirty (30) days at any one adjournment, without further notice, provided the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. Any meeting of the stockholders may adjourn from time to time until its business is completed. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

14. Informal Act by Shareholders. Any action required to be taken at a meeting of shareholders, or any action which may be taken at a meeting of shareholders, may be taken without a meeting, without prior notice and

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without a vote, if a consent or consents in writing setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted shall be delivered to the Corporation by

said consent or consents delivered at its principal place of business or such other place as designated by the board of directors. Delivery made to the Corporation shall be by hand or by certified or registered mail, return receipt requested.

ARTICLE III

Board of Directors

1. Number, Qualifications and Term of Office. Except as otherwise provided in the Certificate of Incorporation or the General Corporation Law of Delaware, the business and affairs of the Corporation shall be managed under the direction of a board of directors consisting of from three to fifteen members. Each director shall be a natural person of the age of fifteen years or older, but does not need to be a resident of the state of Delaware or a stockholder of the Corporation. The board of directors, by resolution, may increase or decrease the number of directors from time to time. Except as otherwise provided in these Bylaws or in the Certificate of Incorporation, the board of directors shall be divided into three (3) classes as nearly equal in number as possible. Each director in each class shall be elected at the appropriate annual meeting of stockholders, as determined by the Certificate of Incorporation, and shall hold office for a term of three (3) years and until his successor is elected and qualified or until his earlier resignation or removal. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

2. Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class shall be filled solely by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any directors so chosen shall hold office until the next election of the class for which such director shall have been chosen, and until their successors shall be elected and qualified. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director.

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If at any time of filling any vacancy or newly created directorship, the directors then in office shall constitute less than a majority of the whole board, the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by Section 211 of the General Corporation Law of Delaware.

Any director may resign at any time by giving written notice to the president or to the secretary of the Corporation. Such resignation shall take effect at the future time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring on the board of directors created by the resignation of a director, may be filled by the affirmative vote of a majority of directors then in office, including those who have so resigned. The vote thereon shall take effect when such resignation or resignations shall become effective. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

3. Removal. Any director or the entire board of directors may be removed in accordance with the provisions of Article VII Subparagraph D of the Certificate of Incorporation.

4. Compensation. Any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a

fixed sum for attendance at each meeting; or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. A director shall also be entitled to receive options for the acquisition of shares of stock of the corporation.

ARTICLE IV

Meetings of the Board

1. Place of Meetings. The regular or special meetings of the board of directors or any committee designated by the board may be held at the principal office of the Corporation or at any other place within or without the State of Delaware that a majority of the board of directors or any such

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committee, as the case may be, may designate from time to time by resolution.

2. Regular Meetings. The board of directors shall meet each year immediately after the annual meeting of the stockholders for the purpose of electing officers and transacting such other business as may come before the meeting. The board of directors or any committee designated by the board may provide, by resolution, for the holding of additional regular meetings without other notice than such resolution.

3. Special Meetings. Special meetings of the board of directors or any committee designated by the board may be called at any time by the chairman of the board, if any, by the president or by a majority of the members of the board of directors or any such committee, as the case may be.

4. Notice of Meetings. Notice of the regular meetings of the board of directors or any committee designated by the board need not be given. Except as otherwise provided by these Bylaws or the laws of the State of Delaware, written notice of each special meeting of the board of directors or any such committee setting forth the time and the place of the meeting shall be given to each director not less than two (2) days prior to the time fixed for the meeting. Notice of special meetings may be either given personally, personally by telephone, or by sending a copy of the notice through the United States mail or by telegram, telex or telecopy, charges prepaid, to the address of each director appearing on the books of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid thereon. If notice is given by telegram, telex or telecopy, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph, telex or telecopy operator. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

5. Waiver of Notice. A director may in writing waive notice of any special meeting of the board of directors or any committee, either before, at, or after the meeting; and his waiver shall be deemed the equivalent of giving notice. Attendance of a director at a meeting shall constitute waiver of notice of that meeting unless he attends for the express purpose of objecting to the transaction of business because the meeting has not been lawfully called or convened.

6. Quorum. At meetings of the board of directors or any committee designated by the board a majority of the number of directors fixed by

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these Bylaws or a majority of the members of any such committee, as the case may be, shall be necessary to constitute a quorum for the transaction of

business. If a quorum is present, the act of the majority of directors in attendance shall be the act of the board of directors or any such committee, as the case may be, unless the act of a greater number is required by these Bylaws, the Certificate of Incorporation or the General Corporation Law of Delaware. One or more directors may participate in meetings of the board of directors as authorized by Subparagraph 11 of this Article IV by conference telephone, while the remaining director or directors are physically present at the meeting.

7. Presumption of Assent. A director who is present at a meeting of the board or committee designated by the board when corporate action is taken is deemed to have assented to the action taken unless: (i) he objects at the beginning of such meeting to the holding of the meeting or the transacting of business at the meeting; (ii) he contemporaneously requests that his dissent from the action taken be entered in the minutes of such meeting; or (iii) he gives written notice of his dissent to the presiding officer of such meeting before its adjournment or to the secretary of the Corporation immediately after adjournment of such meeting. The right of dissent as to a specific action taken in a meeting of a board or committee thereof is not available to a director who votes in favor of such action.

8. Reliance on Books of Account or Reports. Any member of the board of directors or any committee designated by the board of directors shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers, or employees, or committees of the board of directors, or by any other person as to matters the members reasonably believes are within such other persons professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, or in relying in good faith upon other records of the Corporation.

9. Committees. The board of directors may, by a resolution passed by a majority of the whole board designate one (1) or more committees, each committee to consist of one (1) or more directors of the corporation. The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

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Any such committee to the extent provided in the resolution of the board of directors shall have and may exercise all of the powers and authority of the board of directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which it may acquire. No such committee shall have the power or authority of the board of directors to: (i) amend the Certificate of Incorporation; (ii) adopt an agreement of merger or consolidation; (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets; (iv) recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution; (v) amend the Bylaws of the Corporation; (vi) or unless expressly provided for by resolution, or in the Certificate of Incorporation, declare a dividend, authorize the issuance of stock or to adopt a certificate of ownership and merger. To the extent authorized by resolution or resolutions providing for the issuance of shares of stock, adopted by the board, a committee may: (i) fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation;

or (ii) fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series. If any such delegation of the authority of the board of directors is made as provided herein, all references to the board of directors contained in these Bylaws, the Certificate of Incorporation, the General Corporation Law of Delaware or any other applicable law or regulation relating to the authority so delegated shall be deemed to refer to such committee.

10. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the board of directors or any committee thereof, may be taken without a meeting if all the members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee. Such consent shall have the same force and effect as a unanimous vote of the directors and may be stated as such in any articles or documents filed with the Secretary of State of Delaware under the General Corporation Law of Delaware.

11. Telephonic Meetings. Members of the board of directors or any committee designated by the board may participate in meeting of such board or committee by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation in such a meeting shall constitute presence in person at the meeting.

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ARTICLE V

Officers and Agents

1. General. The executive officers of the Corporation shall be elected annually by the board of directors at the first meeting of the board held after each annual meeting of the stockholders. If the election of such officers shall not be held at such meeting, such election shall take place as soon thereafter as a meeting may conveniently be held. The officers of the Corporation shall consist of a president, a secretary and a treasurer, or a secretary/treasurer; in addition, one or more vice presidents, a chairman of the board of directors and such other officers, assistant officers, agents and employees that the board of directors may from time to time deem necessary may be elected by the board of directors or be appointed in a manner prescribed by the board.

Two or more offices may be held by the same person. Officers shall hold office until their successors are elected and qualified, unless they are sooner removed from office as provided in these Bylaws. All officers of the Corporation shall be natural persons of the age of eighteen years or older. Officers of the Corporation need not be residents of the State of Delaware or directors or stockholders of the Corporation.

2. General Duties. All officers and agents of the Corporation, as between themselves and the Corporation, shall have such authority and shall perform such duties in the management of the Corporation as may be provided in these Bylaws or as may be determined by resolution of the board of directors not inconsistent with these Bylaws. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the board of directors, such officer, agent or employee shall follow the orders and instructions of the president.

Any officer shall have the power to execute and deliver on behalf of and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Bylaws or where the execution and delivery thereof shall be expressly delegated by the board of directors to some other officer or agent of the Corporation. Unless authorized to do so by these Bylaws or by the board of directors, no officer,

agent or employee shall have any power or authority to bind the Corporation in any way, to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

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3. Vacancies. When a vacancy occurs in one of the executive offices by reason of death, resignation or otherwise, it shall be filled by a resolution of the board of directors. The officer so selected shall hold office until his successor is chosen and qualified.

4. Salaries. The board of directors shall fix the salaries of the officers of the Corporation. The salaries of other agents and employees of the Corporation may be fixed by the board of directors, or by any committee designated by the board or by an officer to whom that function has been delegated by the board. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

5. Removal. Any officer or agent of this Corporation may be removed by the board of directors whenever in its judgment the best interests of the Corporation may be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or an agent shall not of itself create contract rights.

6. Chairman of the Board. The chairman of the board, if any, shall preside as chairman at meetings of the stockholders and the board of directors. He shall, in addition, have such other duties as the board may prescribe that he perform. At the request of the president, the chairman of the board may, in the case of the president's absence or inability to act, temporarily act in his place. In the case of death of the president or in the case of his absence or inability to act without having designated the chairman of the board to act temporarily in his place, the chairman of the board shall perform the duties of the president, unless the board of directors, by resolution, provides otherwise. If the chairman of the board shall be unable to act in place of the president, any vice president may exercise such powers and perform such duties as provided in section 8 below.

7. President. The president shall be the chief executive officer of the Corporation and, subject to the control of the board of directors, shall have general supervision of the business and affairs of the Corporation. In the event the position of chairman of the board shall not be occupied or the chairman shall be absent or otherwise unable to act, the president shall preside at meetings of the stockholders and directors and shall discharge the duties of the presiding officer. At each annual meeting of the stockholders the president shall give a report of the business of the Corporation for the preceding fiscal year and shall perform whatever other duties the board of directors may from time to time prescribe. The president may sign, with the secretary or any other proper officer of the

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Corporation thereunto authorized by the board of directors, certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

8. Vice Presidents. Each vice president shall have such powers and perform such duties as the board of directors may from time to time prescribe or as the president may from time to time delegate to him. At the request of the president, in the case of the president's absence or inability to act, any vice president may temporarily act in his place. In the case of the death of the president, or in the case of his absence or inability to act

without having designated a vice president or vice presidents to act temporarily in his place, the board of directors, by resolution, may designate a vice president or vice presidents, to perform the duties of the president. If no such designation shall be made, the chairman of the board of directors, if any, shall exercise such powers and perform such duties, as provided in Section 6 above, but if the Corporation has no chairman of the board of directors, or if the chairman is unable to act in place of the president, all the vice presidents may exercise such powers and perform such duties.

9. Secretary. The secretary shall keep or cause to be kept in books provided for that purpose the minutes of the meetings of the stockholders, executive committee, if any, and any other committees, and of the board of directors; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; shall be custodian of the records and of the seal of the Corporation and see that the seal is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized and in accordance with the provisions of these Bylaws; keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder, sign with the president certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the board of directors; have a general charge of the stock transfer books of the Corporation; and, in general, shall perform all duties incident to the office of secretary and such other duties as may, from time to time, be assigned to him by the board of directors or by the president. In the absence of the secretary or his inability to act, the assistant secretaries, if any, shall act with the same powers and shall be subject to the same restrictions as are applicable to the secretary.

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10. Treasurer. The treasurer shall have custody of corporate funds and securities. He shall keep full and accurate accounts of receipts and disbursements and shall deposit all corporate monies and other valuable effects in the name and to the credit of the Corporation in the depository or depositories of the Corporation selected by the board of directors, and shall render an account of his transactions as treasurer and of the financial condition of the Corporation to the president and/or the board of directors upon request. Such power given to the treasurer to deposit and disburse funds shall not, however, preclude any other officer or employee of the Corporation from also depositing and disbursing funds when authorized to do so by the board of directors. The treasurer shall, if required by the board of directors, give the Corporation a bond in such amount and with such surety or sureties as may be ordered by the board of directors for the faithful performance of duties of his office. The treasurer shall have such other duties as may be from time to time prescribed by the board of directors or the president. In the absence of the treasurer or his inability to act, the assistant treasurers, if any, shall act with the same authority and shall be subject to the same restrictions as are applicable to the treasurer.

11. Delegation of Duties. Whenever an officer is absent, or whenever, for any reason, the board of directors may deem it desirable, the board may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

12. Bond of Officers. The board of directors may require any officer to give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for such terms and conditions as the board of directors may specify, including without limitation for the faithful performance of his duties and for the restoration to the Corporation of all property in his possession or under his control belong to the Corporation.

13. Loans to Director, Officers, Employees. The Corporation may lend money to, guarantee the obligations of and otherwise assist directors, officers and employees of the Corporation, or directors of another corporation of which the Corporation owns a majority of the voting stock to the extent of and in compliance with the General Corporation Laws of Delaware.

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ARTICLE VI

Stock Certificates and the Transfer of Shares

1. Stock Certificates; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, provided that the board of directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the board of directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by the chairman or vice-chairman of the board of directors, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

2. Consideration for Shares. Shares shall be issued for such consideration as shall be fixed from time to time by the board of directors. Consideration for shares shall be expressed in dollars, and shall not be less than the par value or stated value therefor, as the case may be. The par value for shares, if any, shall be stated in the Certificate of Incorporation, and the stated value for shares, if any, shall be fixed from time to time by the board of directors. Treasury shares may be disposed of by the Corporation for such consideration expressed in dollars as may be fixed from time to time by the board. Consideration for shares may consist, in whole or in part, of money, other property whether tangible, intangible or both, or in labor or services actually performed for the Corporation, but the promise of future services of a subscriber or direct purchaser of shares from the Corporation shall not constitute payment or part payment for shares.

3. Lost Certificates. The board of directors may direct a new certificate of stock or uncertificated share in place of any certificate issued by it, alleged to have been lost, stolen or destroyed if the owner makes an affidavit or affirmation of that fact and produces such evidence of loss or

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destruction as the board may require. The board, in its discretion, may as a condition precedent to the issuance of a new certificate require the owner to give the Corporation a bond sufficient to indemnify it against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of the certificate or the issuance of such new certificate.

4. Transfer of Shares. Shares of the Corporation shall only be transferred on its books upon the surrender to the Corporation of the share certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer and such documentary stamps as may be required by law. In that event, the surrendered certificates shall be cancelled, new certificates

issued to the persons entitled to them, and the transaction recorded on the books or the Corporation.

5. Registered Stockholders. The Corporation shall be entitled to treat the holder of record of shares as the holder in fact and, except as otherwise provided by the laws of Delaware, shall not be bound to recognize any equitable or other claim to or interest in the shares.

The board of directors may adopt by resolution a procedure whereby a stockholder may certify in writing to the Corporation that all or a portion of the shares registered in the name of such stockholder are held for the account of a specified person or persons. Such resolution shall set forth: (i) the classification of stockholder who may certify; (ii) the purpose or purposes for which the certification may be made; (iii) the form of certification and information to be contained therein; (iv) if the certification is with respect to a record date or closing of the stock transfer books within which the certification must be received by the Corporation; and (v) such other provisions with respect to the procedure as are deemed necessary or desirable.

Upon receipt by the Corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the stockholder making the certification.

6. Stock Ledger. An appropriate stock journal and ledger shall be kept by the secretary or such registrars or transfer agents as the directors by resolution may appoint in which all transactions in the shares of stock of the Corporation shall be recorded.

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7. Location. The books, accounts and records of the Corporation may be kept at such place or places within or outside the State of Delaware as the board of directors may from time to time determine.

8. Inspection. The books, accounts and records of the Corporation shall be open for inspection by any member of the board of directors at all times, and open to inspection by the stockholders at such times, and subject to such regulations as the board of directors may prescribe, except as otherwise provided by statute.

ARTICLE VII

Seal and Fiscal Year

1. Seal. The Corporation shall have a seal in the form impressed to the left of this paragraph of the Bylaws.

2. Fiscal Year. The fiscal year of the Corporation shall be determined by the board of directors and set forth in the minutes of the directors. Said fiscal year may be changed from time to time by the board of directors in its discretion.

ARTICLE VIII

Dividends

Dividends shall be declared and paid out of the surplus or net profits for the fiscal year in which the dividend is declared, and/or the preceding fiscal year as often and at such times as the board of directors may determine. If the capital of the Corporation, computed in accordance with the General Corporation Law of Delaware, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock; the board of directors shall not

declare and pay out of net profits any dividends upon any shares of its capital stock until the deficiency in the amount of capital represented by issued and outstanding stock shall have been repaired. No unclaimed dividend shall bear interest against the Corporation.

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ARTICLE IX

Amendments

Subject to repeal or change by action of the stockholders in accordance with the Certificate of Incorporation, the board of directors may amend, supplement or repeal these Bylaws or adopt new Bylaws, and all such changes shall affect and be binding upon the holders of all shares heretofore as well as hereafter authorized, subscribed for or offered.

ARTICLE X

Miscellaneous

1. Gender. Whenever required by the context, the singular shall include the plural, the plural the singular, and one gender shall include all genders.
2. Invalid Provision. The invalidity or unenforceability of any particular provision of these Bylaws shall not affect the other provisions herein, and these Bylaws shall be construed in all respects as if such invalid or unenforceable provision was omitted.
3. Governing Law. These Bylaws shall be governed by and construed in accordance with the laws of the State of Delaware.

The undersigned assistant secretary of Access Pharmaceuticals, Inc., hereby certifies that the foregoing Bylaws were adopted by the Board of Directors of the Corporation effective April 17, 1991 and amended effective September 14, 1995.

/s/ John J. Concannon III

John J. Concannon III
Assistant Secretary

ACCESS PHARMACEUTICALS, INC.

1995 Stock Option Plan

As amended, March 28, 1996

1. Definitions. As used in this 1995 Stock Option Plan of Access Pharmaceuticals, Inc., the following terms shall have the following meanings:

Award means the grant or sale pursuant to the Plan of any Option or SAR.

Code means the Internal Revenue Code of 1986, as amended.

Committee means a committee comprised of two or more Directors of the Company, appointed by the Board of Directors of the Company, responsible for the administration of the Plan, as provided in Section 4.

Company means Access Pharmaceuticals, Inc., a Delaware corporation.

Grant Date means the date on which an Option or SAR is granted, as specified in Section 7 or Section 10.

Incentive Option means an Option that satisfies the requirements of Section 422 of the Code.

Market Value means the closing bid price, if available, or otherwise the mean between the high and low sale prices of Common Stock on the stock exchange or market on which Common Stock is primarily traded on the date as of which such value is being determined or, if there shall be no bid or sale on that date, the fair market value for a share of the Stock on such date shall be as determined by the Committee.

Nonstatutory Option means an Option that will not be treated as an Incentive Option.

Option means an option to purchase shares of the Stock granted under the Plan, which shall be either an Incentive Option, Nonstatutory Option or Stock Appreciation Right.

Option Agreement means an agreement between the Company and an Optionee, setting forth the terms and conditions of an Option.

Optionee means a person eligible to receive an Option, as provided in Section 6 or Section 10, to whom an Option shall have been granted under the Plan.

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Participant means any person to whom an Award shall have been granted.

Person means any individual, corporation, partnership or other person or entity, together with its "Affiliates" and "Associates" (as defined in Rule 12b-2 under the Securities Exchange Act of 1934).

Plan means this 1995 Stock Option Plan of the Company, as amended.

Stock means the Common Stock, \$.04 par value per share, of the Company.

Stock Appreciation Right means the right, pursuant to an Award granted under Section 11 below, to surrender to the Company all (or a portion) of an Option in exchange for an amount equal to the

difference between (i) the Market Value, as of the date such Option (or such portion thereof) is surrendered, of the shares of Stock covered by such Option (or such portion thereof) and (ii) the aggregate exercise price of such Option (or such portion thereof).

2. Purpose. The Plan is intended to encourage ownership of the Stock by employees, consultants and directors of the Company and its subsidiaries and is intended to provide additional incentive for them to promote the success of the Company's business. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code, but not all Options granted hereunder are required to be or to remain Incentive Options.

3. Term of the Plan. Options under the Plan may be granted on or after September 14, 1995 but not later than September 14, 2005.

4. Administration. The Plan shall be administered by the Committee. No member of the Committee shall have received an Option during service on the Committee or during the one-year period preceding such service, other than an Option received pursuant to Section 10. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make the following determinations with respect to each Option to be granted by the Company to any employee of the Company or a subsidiary: (a) whether the Option will be an Incentive Option, Nonstatutory Option or Stock Appreciation Right; (b) the person to receive the Option; (c) the time of granting the Option; (d) the number of shares subject to the Option; (e) the option price; (f) the vesting period (if any) applicable to, and the term of, any Option; (g) the restrictions (if any) to be imposed upon transfer of shares of the Stock purchased by the Optionee upon the exercise of the Option; and (h) whether and under what circumstances an Option may be settled in cash or Stock. The Committee shall 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 option agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determination on the matters referred to in this Section 4 shall be conclusive.

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5. Stock Subject to the Plan. The Plan covers 2,000,000 shares of Stock, subject, however, to the provisions of Section 17. The number of shares purchased pursuant to the exercise of Options granted under the Plan and the number of shares subject to outstanding Options granted under the Plan shall be charged against the shares covered by the Plan; but shares subject to Options which terminated without being exercised shall not be so charged. Shares to be issued upon the exercise of Options granted under the Plan may be either authorized but unissued shares or shares held by the Company in its treasury. If any Option expires or terminates for any reason without having been exercised in full, the shares not purchased thereunder shall again be available for Options thereafter to be granted.

6. Eligibility. An Incentive Option may be granted only to an employee of the Company or one or more of its subsidiaries. A Nonstatutory Option or Stock Appreciation Right may be granted to any person designated by the Committee. Any person who, within the meaning of Section 422(b)(6) of the Code, is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or of a parent or subsidiary corporation thereof) shall be eligible to receive an Incentive Option only if the option price of such Incentive Option is at least 110% of the Market Value as of the Grant Date and the term of such Incentive Option is not more than five years.

7. Time of Granting Options. Subject to the provisions of the Plan, the granting of Options shall take place at the time specified by the Committee.

8. Option Price. Subject to the provisions of the Plan, the option price shall be determined by the Committee, but the option price for each Incentive Option shall be the Market Value on the Grant Date.

9. Maximum Size of Options. The aggregate Market Value of Stock for which Incentive Options become exercisable by an Optionee for the first time in any calendar year shall not exceed \$100,000. To the extent that such aggregate Market Value exceeds \$100,000, those Options intended to be Incentive Options shall be treated as Nonstatutory Options. For purposes of this Section 9, all Incentive Options granted to an Optionee by the Company shall be considered in the order in which they were granted, and the Market Value shall be determined as of each Grant Date. The maximum number of Options which may be granted in any fiscal year to any one individual is 500,000.

10. Formula Awards.

10.1. Automatic Grants. On the date of each Annual Meeting of the Stockholders of Company, each Non-Employee Director (as defined below) serving as such on such date shall receive a Nonstatutory Option for the purchase of 6,667 shares of Stock. On the date that a Non-Employee Director is initially elected or appointed by the Board of Directors such Non-Employee Director shall receive a Nonstatutory Option to purchase 30,000 shares of Stock.

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10.2. Term and Vesting. Each Option granted under Section 10.1 shall expire at the earlier of (i) 90 days after such Non-Employee Director no longer serves as a director of the Company or (ii) the end of ten years and one day after the Grant Date. Each Option shall be fully exercisable six (6) months after the Grant Date.

10.3. Non-Employee Director. For purposes of the grant of Options hereunder upon appointment, election or reelection to the Board of Directors, "Non-Employee Director" shall mean a member of the Board of Directors who is not an employee of the Company on the date of such election or reelection, as applicable.

11. Stock Appreciation Rights.

11.1. Provision for Grant. Stock Appreciation Rights may be granted in conjunction with all or part of any Option granted under the Plan. In the case of a Nonstatutory Option, such rights may be granted either at or after the time of the grant of such Option. In the case of an Incentive Option, such rights may be granted only at the time of the grant of such Option.

11.2. Termination. A Stock Appreciation right or applicable portion thereof granted with respect to a given Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, unless otherwise determined by the Committee at the time of grant, a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related Option shall not be reduced until the number of shares covered by an exercise or termination of the related Option exceeds the number of shares not covered by the Stock Appreciation Right.

11.3. Manner and Effect of Exercise. A stock Appreciation Right may be exercised by an Optionee, in accordance with Section 11.4, by surrendering the applicable portion of the related Option. Upon such exercise and surrender, the Optionee shall be entitled to receive an amount determined in the manner prescribed in Section 11.4. Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the related Stock Appreciation Right has been exercised.

11.4. Other Terms and Conditions. Stock Appreciation Rights

granted under the Plan shall be subject to the following terms and conditions, and shall contain such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem appropriate:

(a) **Exercisability.** Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Options to which they relate, if any, shall be exercisable in accordance with the provision of the Plan; provided, however, that a Stock Appreciation Right granted subsequent to the grant of the related Option shall not be exercisable during the first six months of

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its term; and provided, further, however, that a Stock Appreciation Right granted in connection with an Incentive Option may be exercised only if and when the market price of the Stock subject to the Incentive Option exceeds the exercise price of such Stock Option.

(b) **Amount Payable.** Upon the exercise of a Stock Appreciation Right, an Optionee shall be entitled to receive up to, but not more than, an amount in cash or shares of Stock equal in value to the excess of the Market Value of one share of Stock over the option price per share specified in the related Option, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. The Committee shall determine the form of payment.

(c) **Transferability.** Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Option would be transferable under the Plan.

12. **Exercise of Option.** In order to exercise an Option, the Optionee shall give written notice of exercise to the Chief Financial Officer of the Company. The Optionee shall enclose a personal check equal to the option price or shares of Stock with a Market Value on the purchase date at least equal to the option price. The Company shall deliver or cause to be delivered to the Optionee a certificate for the number of shares then being purchased by him. If any law or applicable regulation of the Securities and Exchange Commission or other body having jurisdiction in the premises shall require the Company or the Optionee to take any action in connection with shares being purchased upon exercise of the Option, exercise of the Option and delivery of the certificate or certificates for such shares shall be postponed until completion of the necessary action. Each outstanding Option shall be reduced by one share for each share of the Stock purchased upon exercise of the option.

13. **Purchase for Investment.** Unless the shares to be issued upon exercise of an Option have been effectively registered under the Securities Act of 1933 as now in force or hereafter amended, the Company shall be under no obligation to issue any shares covered by any Option unless the person who exercises the Option, in whole or in part, shall give a written representation to the Company, satisfactory in form and substance to its counsel and upon which the Company may reasonably rely, that he or she is acquiring such shares as an investment and not with a view to, or for sale in connection with, the distribution of any such shares. Each certificate representing a share of Stock issued pursuant to the exercise of an Option may bear a reference to any investment representation made in accordance with this Section 13 and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to that Stock.

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14. **Withholding; Notice of Disposition of Stock Prior to**

Expiration of Specified Holding Period.

14.1. Whenever shares are to be issued upon exercise of an Option, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements (whether so required to secure for the Company an otherwise available tax deduction or otherwise) if and to the extent required by law prior to the delivery of any certificate or certificates for such shares.

14.2. The Company may require as a condition to the issuance of shares covered by any Incentive Option that the person exercising the Option give a written representation to the Company, satisfactory in form and substance to its counsel and upon which the Company may reasonably rely, that he or she will report to the Company any disposition of those shares prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code. If and to the extent that the 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, the Company shall have the right to require that the person making the disposition remit to the Company an amount sufficient to satisfy those requirements.

15. Transferability of Options. Options shall not be transferable, otherwise than by will or the laws of descent and distribution, and may be exercised during the life of the Optionee only by the Optionee; provided, however, the Committee may grant Options that are transferable, without payment of consideration, to immediate family members of the Optionee or to trusts or partnerships for such family members. The Committee may also amend outstanding Options to provide for such transferability.

16. Reorganization of the Company. Notwithstanding any provisions of this Plan to the contrary, including those with respect to vesting contained herein, Options herein granted may be exercised (in the manner set forth herein) for the full number of shares covered upon the occurrence of any of the following events subsequent to the effective date of this Plan (other than pursuant to the currently contemplated merger of the Company and Access Pharmaceuticals, Inc.):

(a) any Person or Persons acting as a group, become(s) after the date of this Agreement the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of voting shares (or shares convertible into voting shares) representing 25% or more of the Company's then outstanding voting shares (or shares convertible into voting shares); or

(b) there shall be a sale of all, or substantially all, of the Company's assets, or the Company shall merge or consolidate with another corporation and the stockholders of the Company immediately prior to such transaction do not own, immediately after such transaction, stock of the purchasing or surviving corporation in

this transaction (or of the parent corporation of the purchasing or surviving corporation) possessing more than 50% of the voting power (for the election of Directors) of the outstanding stock of that corporation, which ownership shall be measured without regard to any stock of the purchasing, surviving or parent corporation owned by the stockholders of the Company before the transaction;

provided, however, the provisions of this Section which would otherwise be applicable, shall not apply to a merger or consolidation which does not change any voting securityholder's percentage ownership of the outstanding voting stock in any successor to the Company from the percentage of such stock beneficially owned by such holder in the Company prior to such merger or consolidation, and shall not apply to a transfer of fall

or substantially all of the assets of the Company to a wholly-owned subsidiary of the Company.

17. Adjustment of Number of Shares. In the event of any stock dividend payable in the Stock or any split-up or contraction in the number of shares of the Stock occurring after the date of the agreement and prior to the exercise in full of the Option, the number of shares for which the Option may thereafter be exercised shall be proportionately adjusted. In case of any reclassification or change of outstanding shares of the Stock, shares of stock or other securities equivalent in kind and value to those shares which a holder would have received if he or she had held the full number of shares of the Stock subject to the Option immediately prior to such reclassification or change and had continued to hold those shares (together with all other shares, stock and securities thereafter issued in respect thereof) to the time of exercise of the Option shall thereupon be subject to the Option. Subject to the provisions of Section 16, in case of any consolidation or merger of the Company with or into another company or in case of any sale or conveyance to another company or entity of the property of the Company as a whole, the Option shall terminate and, to the extent that the value of the shares of stock, other securities or cash which a stockholder is entitled to receive for one share of Stock in connection with such transaction exceeds the option price of the Option, the Optionee shall be entitled to receive either cash or shares of stock or other securities equivalent in kind to the cash or those shares which a holder would have received if he or she had exercised the Option in full (to the extent then exercisable) and held the total number of shares of the Stock subject to such Option immediately prior to such consolidation, merger, sale or conveyance and with a value equal to such excess amount multiplied by the number of shares he or she would have received if he or she so exercised the Option at such time. Subject to the provisions of Section 16, upon dissolution or liquidation of the Company, the Option shall terminate, but the Optionee (if at the time in the employ of the Company or any of its subsidiaries) shall have the right, immediately prior to such dissolution or liquidation, to exercise the Option to the full extent not theretofore exercised. No fraction of a share shall be purchasable or deliverable, but in the event any adjustment of the number of shares covered by the Option shall cause such number to include a fraction of a share, such fraction shall be adjusted to the nearest smaller whole number of shares. In the event of changes in the outstanding Common Stock by reason of any stock dividend, split-up, contraction, reclassification, or change of outstanding shares of the Stock of the nature contemplated by this Section 17, the number of shares of the Stock available for the purpose of the Plan as stated in Section 5 shall be correspondingly adjusted.

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18. Limitation of Rights in Option Stock. The Optionee shall have no rights as a stockholder in respect of shares as to which his or her Option shall not have been exercised, certificates issued and delivered and payment as herein provided made in full, and shall have no rights with respect to such shares not expressly conferred by this Plan.

19. Stock Reserved. The Company shall at all times during the term of the Options reserve and keep available such number of shares of the Stock as will be sufficient to satisfy the requirements of this Plan and shall pay all other fees and expenses necessarily incurred by the Company in connection therewith.

20. Purchase for Investment. The Optionee shall make such representations with respect to investment intent and the method of disposal of optioned shares as the Board of Directors of the Company may deem advisable in order to assure compliance with applicable securities laws.

21. Termination and Amendment of Plan. The Board of Directors of

the Company may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable, provided, however, that, if required by applicable law with respect to a certain modification, the Board shall seek the approval of such modification by the holders of a majority of the outstanding Stock present or represented and entitled to vote at a meeting of the stockholders of the Company, and further provided, that the Board of Directors of the Company may not amend the Plan more than once in any six (6) month period so as to modify Section 10, except that the Board of Directors may make an amendment to Section 10 to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations under either such statute. No termination or amendment of the Plan may, without the consent of the Optionee to whom any Option shall theretofore have been granted, adversely affect the rights of that Optionee under that Option.

The undersigned, as Assistant Secretary of Access Pharmaceuticals, Inc. hereby certifies that the foregoing 1995 Stock Option Plan was adopted by the Board of Directors of the Company on September 14, 1995 and ratified by the stockholders of the Company on January 25, 1996, and was amended by the Board of Directors of the Company on March 28, 1996, such amendment being ratified by the stockholders of the Company on June 21, 1996.

/s/ John J. Concannon III

John J. Concannon III
Assistant Secretary

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