

DOR BIOPHARMA INC
Form PRE 14A
December 02, 2005

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. _____)

Filed by the Registrant [x]

Filed by a Party other than the Registrant []

Check the appropriate box:

[x] Preliminary Proxy Statement

[] Confidential, for Use of the Commission
Only (as permitted by Rule 14a-6(e)(2))

[] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Rule 14a-12

DOR BioPharma, Inc.

(Name of Registrant as Specified in Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

[x] No fee required.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

DOR BIOPHARMA, INC.
1691 Michigan Avenue, Suite 435
Miami, Florida 33139

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
December 29, 2005

To the Stockholders:

The annual meeting of stockholders of DOR BioPharma, Inc., will be held at the Community Room, Lobby, 350 East Las Olas Blvd., Ft. Lauderdale, FL 33301, on December 29, 2005, at 10:30 a.m., Eastern, for the following purposes, each as more fully described herein:

1. To elect six directors to serve until the next annual meeting of stockholders or until their respective successors have been duly elected and qualified;
2. To consider and approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock from 100,000,000 to 150,000,000;
3. To consider and approve our 2005 Equity Incentive Plan (the "2005 Plan");
4. To ratify the appointment of Sweeney, Gates & Co. as our independent auditors for the year ending December 31, 2005; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on November 10, 2005 are entitled to notice of and to vote at the Annual Meeting. A list of stockholders eligible to vote at the meeting will be available for inspection at the meeting and for a period of 10 days prior to the meeting, during regular business hours, at our corporate headquarters at the address set forth above.

Information concerning the matters to be acted upon at the Annual Meeting is included in the accompanying proxy statement. Whether or not you expect to attend the Annual Meeting, your vote is important. Please vote as soon as possible via either the Internet, telephone or mail.

By Order of the Board of Directors
Michael T. Sember, M.B.A.
President and Chief Executive Officer

Miami, Florida
December , 2005

DOR BioPharma, Inc.
1691 Michigan Avenue, Suite 435
Miami, FL 33139
Phone: (305) 534-3383

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this Proxy Statement to stockholders of record as of the close of business on November 10, 2005 in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting of Stockholders to be held on December 29, 2005. This Proxy Statement and the accompanying form of proxy are being mailed to the stockholders on or about December 12, 2005. Our Annual Report on Form 10-KSB for the year ended December 31, 2004 (which does not form a part of the proxy solicitation materials) is being distributed concurrently herewith to stockholders.

VOTING SECURITIES; PROXIES; REQUIRED VOTE

Voting Securities

At the annual meeting, each holder of record of Common Stock at the close of business on November 10, 2005 will be entitled to one vote for each share of Common Stock owned on that date as to each matter presented at the Annual Meeting. On November 10, 2005, 50,612,504 shares of Common Stock were outstanding.

Proxies

You cannot vote your shares at the meeting unless you are present in person or represented by proxy. All properly executed and unrevoked proxies in the accompanying form that are received in time for the meeting will be voted at the meeting or any adjournment or postponement thereof in accordance with instructions thereon, or if no instructions are given, will be voted "FOR" the election of all of the named nominees as Directors, "FOR" the amendment to the Amended and Restated Certificate of Incorporation, "FOR" approval of the 2005 Plan, "FOR" the ratification of Sweeney, Gates & Co. as our independent auditors, and in accordance with the judgment of the persons appointed as proxies with respect to other matters which properly come before the Annual Meeting. You may revoke a proxy by written notice to us at any time prior to exercise of the proxy. In addition, although mere attendance at the Annual Meeting will not revoke a proxy, you may withdraw your proxy by voting in person.

Voting Your Proxy

Whether or not you plan to attend the Annual Meeting, you may vote your shares via Internet, telephone or mail as more fully described below:

- By Internet: Go to www.voteproxy.com and follow the instructions. Have your proxy card available when you call.
- By Telephone: Call 1-800-PROXIES (1-800-776-9437) and follow the voice prompts. Have your proxy card available when you call.
- By Mail: If you have received a proxy card, mark your vote, sign your name exactly as it appears on your proxy card, date your card and return it in the envelope provided.

Required Vote

At the Annual Meeting, (1) a plurality of the votes cast in person or by proxy is required to elect Directors (meaning that the six nominees receiving the highest number of "FOR" votes will be elected; and (2) the affirmative vote of holders of at least a majority of the voting power of the outstanding shares of Common Stock represented in person or by proxy at the meeting is required to (a) approve the amendment to the Amended and Restated Certificate of Incorporation, (b) approve the 2005 Plan and (c) ratify the appointment of Sweeney, Gates & Co. as the independent auditors of our financial statements for the year ending December 31, 2005. Stockholders are not allowed to cumulate their votes in the election of directors. In voting on the election of directors, abstentions and broker non-votes (which occur when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner) will be disregarded and not treated as votes cast and, therefore, will not affect the outcome of the election. Abstentions will have the same effect as votes against the proposals to approve the amendment of the Amended and Restated Certificate of Incorporation, approve the 2005 Plan and ratify the appointment of Sweeney, Gates & Co., but broker non-votes will not be counted as votes against such proposals or as shares present or represented at the meeting.

Quorum

The required quorum for the transaction of business at the Annual Meeting will be a majority of the voting power of shares of Common Stock issued and outstanding on the record date. Abstentions and broker non-votes will be included in determining the presence of a quorum.

**PROPOSAL 1
ELECTION OF DIRECTORS**

Unless otherwise directed, the persons appointed in the accompanying form of proxy intend to vote at the Annual Meeting for the election of the six nominees named below as directors to serve until our next annual meeting of stockholders or until their successors have been duly elected and qualified. If any nominee is unable to be a candidate when the election takes place, the shares represented by valid proxies will be voted in favor of such substitute nominee as the Board of Directors recommends or to allow the vacancy to remain open until filled by the Board of Directors, as the Board of Directors recommends. The Board of Directors does not currently anticipate that any nominee will be unable to be a candidate for election.

The Board of Directors currently has six members, all of whom are nominees for re-election. Each Director will serve until the next annual meeting of stockholders or until his successor has been duly elected and qualified, unless he dies, resigns or is removed from office prior to that time. Three of the six nominees were appointed to the Board of Directors since the last election of directors at our 2004 annual stockholders meeting: Alexander P. Haig was appointed on November 11, 2004, Michael T. Sember was appointed on December 10, 2004, and T. Jerome Madison was appointed on May 4, 2005.

Name	Age	Position	Director Since
Alexander P. Haig, J.D.	53	Chairman of the Board	2004
Steve H. Kanzer, C.P.A., J.D.	41	Vice Chairman of the Board	1996
James S. Kuo, M.D., M.B.A.	41	Director	2004
T. Jerome Madison, C.P.A., M.B.A.	65	Director	2005

Evan Myrianthopoulos	41	Director	2002
Michael T. Sember, M.B.A.	55	Director	2004

Alexander P. Haig, J.D., has been a director since 2004 and currently serves as our non-employee Chairman of the Board. Since 1988, Mr. Haig has served as the managing director of Worldwide Associates, Inc., a firm representing multi-national corporations and early stage development companies in marketing and business strategies. From 1992 to 1996, Mr. Haig also served as president of US-CIS Ventures, a privately held company active in transactions and projects in China and the former Soviet Union. From 1999 to 2002, Mr. Haig also served as Chairman and CEO of Sky Station International, Inc., a privately held telecommunications company. Mr. Haig has worked on a wide variety of projects for Worldwide Associates with particular emphasis on aerospace and pharmaceutical technologies and was active in providing strategic and financial advice to a broad range of companies from early stage through initial public offerings, including America Online, Inc. Previously a partner in a large private law firm, Mr. Haig concentrated on international trade and corporate matters. He received his undergraduate and law degrees from Georgetown University.

Steve H. Kanzer, C.P.A., J.D., has been a director since 1996 and currently serves as the non-executive Vice Chairman of the Board. Mr. Kanzer served as our Interim President from June 30, 2002 through January 4, 2003. Since December 2000, he has served as Chairman of Accredited Ventures Inc. and Accredited Equities Inc., respectively, a venture capital firm and NASD member investment bank specializing in the biotechnology industry. He also serves as President and/or a member of the board of directors of several private biopharmaceutical companies, including Solovax, Inc., Effective Pharmaceuticals, Inc., CD4 Biosciences, Inc., Pipex, Inc. and Experimental Therapeutics, Inc., each of which are involved in the licensing and development of clinical stage investigational new drugs for a variety of diseases. Prior to founding Accredited Ventures and Accredited Equities in December 2000, Mr. Kanzer was a co-founder of Paramount Capital, Inc. in 1992 and served as Senior Managing Director - Head of Venture Capital of Paramount Capital until December 2000. While at Paramount Capital, Mr. Kanzer was involved in the formation and financing of a number of biotechnology companies, including our company as well as a private biopharmaceutical company, Corporate Technology Development, Inc. ("CTD"). Mr. Kanzer was full-time Chief Executive Officer of CTD from March 1998 until December 2000 and part-time Chief Executive Officer from December 2000 until our company completed its acquisition of CTD in November 2001. From 1995 until June 1999, Mr. Kanzer was a founder and Chairman of Discovery Laboratories, Inc., a public biotechnology company. Prior to joining Paramount Capital in 1992, Mr. Kanzer was an attorney at the law firm of Skadden, Arps, Slate, Meagher & Flom in New York. Mr. Kanzer received his J.D. from New York University School of Law and a B.B.A. in accounting from Baruch College.

James S. Kuo, M.D., M.B.A., has been a director since 2004. Since January 2003, Dr. Kuo was a founder, and currently serves as Chairman and Chief Executive Officer of BioMicro Systems, a private nanotechnology company. Formerly, Dr. Kuo was co-founder, President and Chief Executive Officer of Discovery Laboratories, Inc. from January 2002 to December 2002, where he raised over \$22 million in initial private funding and successfully took the company public. Prior to that, he served as Vice President Business Development, from 2001 to 2002, of Metabasis, Inc. From 2000 to 2001, Dr. Kuo served as Vice President Worldwide Business Development of Genset Corporation. He has held senior business development positions at Pfizer, and Myriad Genetics. Dr. Kuo has also been Managing Director of Venture Analysis at HealthCare Ventures and Vice President at Paramount Capital Investments. Dr. Kuo is also a founder and former director of ArgiNOx, a private cardiovascular drug development company. Dr. Kuo simultaneously received his M.D. from the University of Pennsylvania School of Medicine and his M.B.A. from the Wharton School of Business.

T. Jerome Madison, C.P.A., M.B.A., has been a director since May 2005 and is currently a General Partner at Founders Court, a company specializing in management buyouts of companies with significant growth potential. From 1982 to 1986, he was a co-founder and Chief Financial Officer of Cytogen, a cancer biotechnology company.

From 1977 to 1982, he was with Rhone Poulenc Rorer (n/k/a Sanofi-Aventis), a major international pharmaceutical company, where he held the position of Corporate Controller and Chief Accounting Officer. Prior to that, Mr. Madison held financial positions at Abbott Laboratories and KPMG. Prior to joining KPMG, Mr. Madison served in the U.S. Navy as a Naval Flight Officer. Mr. Madison is a Certified Public Accountant and received his B.S. from Wharton School of the University of Pennsylvania and his M.B.A. from Monmouth University.

Evan Myriantopoulos, has been a director since 2002 and is currently the Chief Financial Officer after joining the Company in November of 2004 as President and Acting Chief Executive Officer. Formerly he was President and founder of CVL Advisors, Group, Inc., from November 2001 to November 2004, a financial consulting firm specializing in the biotechnology sector. Prior to founding CVL Advisors Group, Inc., Mr. Myriantopoulos was a co-founder of Discovery Laboratories, Inc., from June 1996 to November 2001, a public specialty pharmaceutical company developing respiratory therapies. While at Discovery, Mr. Myriantopoulos held the positions of Chief Financial Officer and Vice President of Finance, where he was responsible for raising approximately \$55 million in four private placements. He also negotiated and managed Discovery's merger with Ansan Pharmaceuticals and Acute Therapeutics. Prior to co-founding Discovery, Mr. Myriantopoulos was a Technology Associate at Paramount Capital Investments, L.L.C., a New York City based biotechnology venture capital and investment banking firm. Prior to joining Paramount Capital, Mr. Myriantopoulos was a managing partner of S + M Capital Management, a hedge fund which specialized in syndicated stock offerings and also engaging in arbitrage of municipal and mortgage bonds. Prior to that, Mr. Myriantopoulos held senior positions in the treasury department at the National Australia Bank where he was employed as a spot and derivatives currency trader. Mr. Myriantopoulos holds a B.S. in Economics and Psychology from Emory University.

Michael T. Sember, M.B.A., became the Company's Chief Executive Officer, President and Director in December 2004. Mr. Sember brings 30 years of broad experience working with both public and private pharmaceutical and biotech companies in the U.S. and Europe. Mr. Sember has an extensive business development, operating and financial background which includes involvement with nearly 100 licensing transactions and several corporate acquisitions. Formerly he was Managing Director of EGB Advisors, LLC from December 2003 to December 2004, a business consulting firm and biotech incubator. Prior to joining EGB Advisors, LLC he was President and Chief Operating Officer of Women First Healthcare, from September 2003 to December 2003, a specialty pharmaceutical company. Prior to joining Women First Healthcare, he was President and Chief Operating Officer of Deltagen, Inc., from April 2002 to December 2002, a genomics company. Both Women's First Healthcare and Deltagen filed bankruptcy petitions subsequent to Mr. Sember's tenure at each company. Mr. Sember was not a member of the executive management or an employee of either company during the period leading up to their engagement of him to assist in their efforts to accomplish a restructuring of their business. Prior to joining Deltagen, Inc. he was Executive Vice President of Business Development with Élan Corporation, from September 1991 to March 2002. At Élan he was responsible for building a strategic alliance portfolio, which included over 30 products in clinical development across several therapeutic areas including neurology, oncology, and pain management. During this period he generated approximately \$900 million in licensing revenue during the development of the alliance portfolio. While at Élan he was also responsible for managing an investment portfolio valued at approximately \$1.25 billion. In addition to this experience Mr. Sember has served on the Boards of eight public and private biotech companies and on the Advisory Boards of several venture capital firms, and currently serves on the board of Directors of Iomed Inc., a publicly traded company. Mr. Sember received a bachelor's degree from the University of Pittsburgh and a Master of Business Administration degree from Rockhurst University.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote "FOR" the election of all of the nominees listed above.

Section 16(a) Beneficial Ownership Reporting Compliance

We are required to identify each person who was an officer, director or beneficial owner of more than 10% of our registered equity securities during our most recent fiscal year and who failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

To our knowledge, based solely on our review of the copies of such reports received by us, and representations from certain reporting persons, we believe that, during the year ended December 31, 2004, our directors, executive officers and significant stockholders have timely filed the appropriate form under Section 16(a) of the Exchange Act, except Form 4's for Evan Myriantopoulos (two filings); Peter Salomon (two filings); Larry Kessel (two filings); and Arthur Kornbluth (one filing), all of which have been subsequently made.

Corporate Governance

Pursuant to the Company's Amended and Restated Certificate of Incorporation and By-laws, the Company's business and affairs are managed under the direction of the Board of Directors. Members of the Board of Directors are kept informed of the Company's business through discussions with senior management, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

The Board of Directors has determined that all of the directors, other than Messrs. Sember, Myriantopoulos and Haig, are "independent" as such term is defined by the applicable listing standards of the American Stock Exchange. The Board of Directors based this determination primarily on a review of the responses of the directors to questions regarding their employment, affiliations and family and other relationships.

The Board of Directors held ten meetings in 2004, and each director who served as a director during 2004, except Mr. Sedlack, attended more than 75% of the meetings of the Board of Directors and each of the committees on which he served.

The Company typically schedules a meeting of the Board of Directors in conjunction with its Annual Meeting and expects that all directors will attend, absent a valid reason, such as a scheduled conflict. Last year, all of the individuals then serving as directors attended the Annual Meeting in person or telephonically.

The Board of Directors has the following three committees: (1) Compensation, (2) Audit and (3) Nominating. The Board of Directors has adopted a written charter for each of these committees. Such charters are attached as Appendices A, B and C, respectively, and are posted on the Company's website: <http://www.dorbiopharma.com> under the caption "Investors."

The Board of Directors has also adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers (including the Chief Executive Officer and the Chief Financial Officer) and employees. Our Code of Business Conduct and Ethics is posted under the caption "Investors" on the Company's website: <http://www.dorbiopharma.com>. If, in the future, the Board of Directors amends the Code of Business Conduct and Ethics or grants a waiver to our Chief Executive Officer, Chief Financial Officer or any future principal accounting officer with respect to the Code of Business Conduct and Ethics, the Company will post the amendment or a description of the waiver on the Company's website.

Compensation Committee

The Board of Directors has a Compensation Committee, which is comprised of Dr. Kuo and Mr. Madison. The Compensation Committee is responsible for reviewing and approving the executive compensation program for the Company, assessing executive performance, making grants of salary and annual incentive compensation and approving certain employment agreements. The Board of Directors has determined that all members of the Compensation Committee are "independent" directors, as such term is defined by Section 121(A) of the American Stock Exchange listing standards. The Compensation Committee met one time during the fiscal year ended December

31, 2004.

Nominating Committee

The Board of Directors has a Nominating Committee, which is comprised of Dr. Kuo and Mr. Madison. The Nominating Committee makes recommendations to the Board of Directors regarding the size and composition of the Board of Directors, establishes procedures for the nomination process, recommends candidates for election to the Board of Directors and nominates officers for election by the Board of Directors. The Board of Directors has determined that all members of the Nominating Committee are "independent" directors, as such term is defined by Section 121(A) of the American Stock Exchange listing standards. The Nominating Committee did not meet during the fiscal year ended December 31, 2004.

In considering candidates for the Board of Directors, the Nominating Committee considers the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met by a nominee. However, the Nominating Committee does believe that all members of the Board of Directors should have the highest character and integrity, a reputation for working constructively with others, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. In the case of current Directors being considered for nomination, the Nominating Committee also takes into account the director's history of attendance at meetings of the Board of Directors or its committees, the Director's tenure as a member of the Board of Directors, and the Director's preparation for and participation in such meetings.

Stockholders who wish to suggest qualified candidates should write to the Office of the Secretary, DOR BioPharma, Inc., 1691 Michigan Avenue, Suite 435, Miami, Florida 33139, specifying the name of the candidates and stating in detail the qualifications of such persons for consideration by the Nominating Committee. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any such recommendation. Stockholders who wish to nominate a director for election at an annual meeting of the stockholders of the Company must otherwise comply with our by-laws regarding stockholder proposals and nominations. See "Deadline for Stockholder Proposals" contained herein.

Audit Committee

The Board of Directors has an Audit Committee, which is comprised of Dr. Kuo and Mr. Madison. The Audit Committee assists the Board of Directors in monitoring the financial reporting process, the internal control structure and the independence and performance of the internal audit department and the independent public accountants. Its primary duties are to serve as an independent and objective party to monitor the Company's financial process and internal control system, to review and appraise the audit effort of the Company's independent accountants and to provide an open avenue of communication among the independent accountants, financial and senior management of the Company and the Board of Directors. During the year, the Board of Directors examined the composition of the Audit Committee in light of the applicable listing standards of the American Stock Exchange and the regulations under the Exchange Act applicable to audit committees. Based upon this examination, the Board of Directors has determined that all members of the Audit Committee are "independent" directors within the meaning of such listing standards and the Exchange Act and the rules and regulations thereunder. The Board of Directors has determined that Dr. Kuo and Mr. Madison each qualify as an "audit committee financial expert" as that term is defined in the applicable regulations of the Exchange Act and the regulations thereunder. The Audit Committee met four times during the fiscal year ended December 31, 2004.

Report of the Audit Committee of the Board of Directors

The Audit Committee submits the following report for the year ended December 31, 2004:

The Audit Committee has reviewed and discussed with both management and the outside auditors the audited consolidated financial statements as of and for the year ended December 31, 2004. The Audit Committee's review included discussion with the outside auditors of matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

The Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, *Independence Discussions with Audit Committees*, as amended, by the Independence Standards Board, and has discussed with the independent auditors matters relating to the auditors' independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004, for filing with the SEC.

Submitted by the Audit Committee*,

James S. Kuo, M.D., M.B.A.

*Mr. Madison currently serves on the Audit Committee but was not a member of the Audit Committee at the time these matters were considered.

Communications with the Board of Directors

Stockholders or other interested parties may communicate with the Board of Directors by sending a letter to DOR BioPharma, Inc. Board of Directors, c/o The Office of the Secretary, DOR BioPharma, Inc, 1691 Michigan Avenue, Suite 435, Miami, Florida 33139. The Office of the Secretary will receive the correspondence and forward it to the Director(s) to whom the communication is addressed.

Executive Compensation

The following table contains information concerning the compensation paid during our fiscal years ended December 31, 2002, 2003 and 2004, to the persons who served as our Chief Executive Officers, and each of the four other most highly compensated executive officers during 2004 (collectively, the "Named Executive Officers").

Summary Compensation Table

Name	Position	Years	Annual Salary	Annual Bonus	Long term Compensation Awards Securities Underlying Options
Michael Sember (1)	CEO	2004	\$20,000	-	2,000,000
Evan Myriantopoulos (2)	CFO	2004	\$25,694	-	650,000
Gregory Davenport, Ph.D. (3)	President	2004	\$124,375	\$25,000	600,000
	BioDefense	2003	\$9,583	-	-
Robert Brey, Ph.D. (4)	CSO	2004	\$155,000	-	-
		2003	\$164,637	-	-
		2002	\$254,000	-	-

James Clavijo (5)	Controller	2004	\$27,500	-	100,000
Geoff Green (6)	Acting	2004	\$124,490	\$26,667	700,000
	CEO	2003	\$55,464	-	-
Ralph Ellison (7)	CEO	2004	\$323,076	\$108,333	2,000,000
		2003	\$200,000	-	-

(1) Mr. Sember joined in December 2004.

(2) Mr. Myriantopoulos joined in November 2004 as President and Acting Chief Executive Officer and then in December 2004 he accepted the position of Chief Financial Officer.

(3) Dr. Davenport joined in December 2003.

(4) Dr. Brey joined in December 1996.

(5) Mr. Clavijo joined in October 2004.

(6) Mr. Green joined in July 2003 as Vice President, Clinical Operations and then in July 2004 accepted the position of President and Acting Chief Executive Officer. Mr. Green resigned in November 2004.

(7) Dr. Ellison joined in March 2003 and resigned in July 2004.

The following table contains information concerning options granted to the Named Executive Officers during the fiscal year ended December 31, 2004. We have never issued Stock Appreciation Rights.

Option Grants in Last Fiscal Year

Named Executive Officer	Number of Securities Underlying Options Granted (1)	Percentage of Total Options Granted to Employees in Fiscal Year (2)	Exercise Price (\$/share)(3)	Expiration Date
Michael Sember (4)	2,000,000	44 %	\$0.46	12/7/2014
Evan Myriantopoulos (5)	650,000	14 %	\$0.47-\$0.49	12/9/2014 & 11/10/2014
James Clavijo (6)	100,000	2 %	\$0.47	