UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2019**

OR

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

For the transition period from_____to_____

Commission File No.:001-34079

Rexahn Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**11-3516358**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
15245 Shady Grove Road, Suite 455 **Rockville, MD**	**20850**
(Address of principal executive offices)	(Zip Code)

Telephone: (240) 268-5300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.0001 par value	REXN	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☑
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 4,019,141 shares as of August 7, 2019.

REXAHN PHARMACEUTICALS, INC.
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PART I. Financial Information
Item 1.
Financial Statements

REXAHN PHARMACEUTICALS, INC.
Condensed Balance Sheet
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 7,310,049**	$ 8,744,301
Marketable securities	**8,950,120**	5,981,520
Prepaid expenses and other current assets	**1,033,041**	1,173,847
Total Current Assets	**17,293,210**	15,899,668
Security Deposits	**25,681**	30,785
Operating Lease Right-of-Use Assets	**263,658**	-
Equipment, Net	**94,685**	112,473
Total Assets	**$ 17,677,234**	$ 16,042,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	**$ 1,920,734**	$ 3,152,550
Deferred revenue	**1,500,000**	-
Operating lease liabilities, current	**130,466**	-
Total Current Liabilities	**3,551,200**	3,152,550
Operating Lease Liabilities, non-current	**136,196**	-
Warrant Liabilities	**366,732**	2,307,586
Other Liabilities	**-**	19,900
Total Liabilities	**4,054,128**	5,480,036
Commitments and Contingencies (note 14)		
Stockholders' Equity:		
Preferred stock, par value $0.0001, 10,000,000 authorized shares, none issued and outstanding	**-**	-
Common stock, par value $0.0001, 75,000,000 authorized shares, 4,019,141 and 3,122,843 issued and outstanding	**402**	312
Additional paid-in capital	**173,110,047**	165,267,656
Accumulated other comprehensive income (loss)	**7,179**	(17,836)
Accumulated deficit	**(159,494,522)**	(154,687,242)
Total Stockholders' Equity	**13,623,106**	10,562,890
Total Liabilities and Stockholders' Equity	**$ 17,677,234**	$ 16,042,926

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Condensed Statement of Operations
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	**2019**	2018
Revenues:	**$ -**	$ -	**$ -**	$ -
Expenses:				
General and administrative	**1,340,016**	1,568,848	**3,035,538**	3,396,170
Research and development	**1,648,401**	3,432,593	**3,890,631**	7,491,126
Total Expenses	**2,988,417**	5,001,441	**6,926,169**	10,887,296
Loss from Operations	**(2,988,417)**	(5,001,441)	**(6,926,169)**	(10,887,296)
Other Income				
Interest income	**96,650**	67,473	**178,035**	143,209
Other income	**-**	-	**-**	368,750
Unrealized gain on fair value of warrants	**427,483**	1,095,700	**1,940,854**	4,462,196
Total Other Income	**524,133**	1,163,173	**2,118,889**	4,974,155
Net Loss Before Provision for Income Taxes	**(2,464,284)**	(3,838,268)	**(4,807,280)**	(5,913,141)
Provision for income taxes	**-**	-	**-**	-
Net Loss	**$ (2,464,284)**	$ (3,838,268)	**$ (4,807,280)**	$ (5,913,141)
Net loss per share, basic and diluted	**$ (0.61)**	$ (1.45)	**$ (1.23)**	$ (2.24)
Weighted average number of shares outstanding, basic and diluted	**4,019,141**	2,640,927	**3,900,208**	2,640,391

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Condensed Statement of Comprehensive Loss
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	**2019**	2018
Net Loss	**$ (2,464,284)**	$ (3,838,268)	**$ (4,807,280)**	$ (5,913,141)
Unrealized gain (loss) on available-for-sale securities	**19,781**	24,421	**25,015**	(8,069)
Comprehensive Loss	**$ (2,444,503)**	$ (3,813,847)	**$ (4,782,265)**	$ (5,921,210)

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Condensed Statement of Stockholders' Equity
For the Three and Six Months Ended June 30, 2019 and 2018
(Unaudited)

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances at April 1, 2019	4,019,141	$ 402	$ 172,982,394	$ (157,030,238)	$ (12,602)	$ 15,939,956
Stock-based compensation	-	-	127,653	-	-	127,653
Net loss	-	-	-	(2,464,284)	-	(2,464,284)
Other comprehensive income	-	-	-	-	19,781	19,781
Balances at June 30, 2019	**4,019,141**	**$ 402**	**$ 173,110,047**	**$ (159,494,522)**	**$ 7,179**	**$ 13,623,106**
Balances at April 1, 2018	2,640,927	264	157,452,657	(142,393,585)	(89,376)	14,969,960
Stock-based compensation	-	-	267,151	-	-	267,151
Net loss	-	-	-	(3,838,268)	-	(3,838,268)
Other comprehensive income	-	-	-	-	24,421	24,421
Balances at June 30, 2018	**2,640,927**	**$ 264**	**$ 157,719,808**	**$ (146,231,853)**	**$ (64,955)**	**$ 11,423,264**

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Condensed Statement of Stockholders' Equity
For the Three and Six Months Ended June 30, 2019 and 2018 (continued)
(Unaudited)

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances at January 1, 2019	3,122,843	$ 312	$ 165,267,656	$ (154,687,242)	$ (17,836)	$ 10,562,890
Issuance of common stock and units, net of issuance costs	895,834	90	7,553,738	-	-	7,553,828
Common stock issued from vested restricted stock units	464	-	-	-	-	-
Stock-based compensation	-	-	288,653	-	-	288,653
Net loss	-	-	-	(4,807,280)	-	(4,807,280)
Other comprehensive income	-	-	-	-	25,015	25,015
Balances at June 30, 2019	**4,019,141**	**$ 402**	**$ 173,110,047**	**$ (159,494,522)**	**$ 7,179**	**$ 13,623,106**
Balances at January 1, 2018	2,639,319	264	157,143,930	(140,318,712)	(56,886)	16,768,596
Common stock issued in exchange for services	625	-	12,150	-	-	12,150
Stock-based compensation	-	-	563,728	-	-	563,728
Common stock issued from vested restricted stock units	983	-	-	-	-	-
Net loss	-	-	-	(5,913,141)	-	(5,913,141)
Other comprehensive loss	-	-	-	-	(8,069)	(8,069)
Balances at June 30, 2018	**2,640,927**	**$ 264**	**$ 157,719,808**	**$ (146,231,853)**	**$ (64,955)**	**$ 11,423,264**

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Condensed Statement of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,	
	2019	2018
Cash Flows from Operating Activities:		
Net loss	**$ (4,807,280)**	$ (5,913,141)
Adjustments to reconcile net loss to net cash used in operating activities:		
Compensatory stock	**-**	12,150
Depreciation and amortization	**22,077**	27,188
Loss on sale of equipment	**9,594**	-
Amortization of premiums and discounts on marketable securities, net	**(56,019)**	26,504
Stock-based compensation	**288,653**	563,728
Amortization and termination of deferred research and development arrangement	**-**	(375,000)
Unrealized gain on fair value of warrants	**(1,940,854)**	(4,462,196)
Amortization of deferred lease incentive	**-**	(6,222)
Deferred rent	**-**	(10,927)
Changes in assets and liabilities:		
Prepaid expenses and other assets	**22,308**	(61,237)
Accounts payable and accrued expenses	**(1,231,816)**	147,767
Deferred revenue	**1,500,000**	-
Other, net	**6,706**	-
Net Cash Used in Operating Activities	**(6,186,631)**	(10,051,386)
Cash Flows from Investing Activities:		
Purchase of equipment	**(19,383)**	(3,493)
Sale of equipment	**5,500**	-
Purchase of marketable securities	**(8,887,566)**	-
Redemption of marketable securities	**6,000,000**	6,250,000
Net Cash (Used In) Provided by Investing Activities	**(2,901,449)**	6,246,507
Cash Flows from Financing Activities:		
Issuance of common stock and units, net of issuance costs	**7,653,828**	-
Net Cash Provided by Financing Activities	**7,653,828**	-
Net Decrease in Cash and Cash Equivalents	**(1,434,252)**	(3,804,879)
Cash and Cash Equivalents – beginning of period	**8,744,301**	8,899,154
Cash and Cash Equivalents - end of period	**$ 7,310,049**	$ 5,094,275
Supplemental Cash Flow Information		
Operating cash flows paid for amounts included in the measurement of lease liabilities	**$ 120,700**	$ -
Non-cash financing and investing activities:		
Warrants issued	**$ 4,735,913**	$ -
Operating lease right-of-use assets obtained in exchange for lease obligations:	**$ 380,935**	$ -

(See accompanying notes to the condensed financial statements)

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

1. Operations and Organization

Operations

Rexahn Pharmaceuticals, Inc. (the "Company"), a Delaware corporation, is a biopharmaceutical company whose principal operations are the development of innovative treatments for cancer. The Company had an accumulated deficit of $159,494,522 at June 30, 2019 and anticipates incurring losses through fiscal year 2019 and beyond. The Company has not yet generated commercial revenues and has funded its operations to date through the sale of shares of its common stock and warrants, exercises of stock warrants, interest income from cash, cash equivalents and marketable securities, and proceeds from reimbursed research and development costs. The Company believes that its cash, cash equivalents and marketable securities, will be sufficient to cover its cash flow requirements for its current activities for at least for the next 12 months from the date these financial statements were issued. Management believes it has the capability of managing the Company's operations within existing cash available by focusing on select research and development activities, selecting projects in conjunction with potential financings and milestones, and efficiently managing its general and administrative affairs.

Basis of Presentation

The accompanying unaudited condensed financial statements of the Company have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("U.S. GAAP") for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of June 30, 2019 and December 31, 2018 and of the results of operations, comprehensive loss and stockholders' equity for the three and six months ended June 30, 2019 and 2018, and cash flows for the six months ended June 30, 2019 and 2018 have been included. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of results that may be expected for any other interim period or the full fiscal year ending December 31, 2019. The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K"). Information included in the condensed balance sheet as of December 31, 2018 has been derived from the Company's audited financial statements for the year ended December 31, 2018 included in the 2018 Form 10-K. The unaudited condensed financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become available.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

2. Recent Accounting Pronouncements Affecting the Company

Leases

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the standard on January 1, 2019. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows carryforward of the historical lease classification. The Company is not electing the hindsight practical expedient. The Company made an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet. The Company will recognize those lease payments in the consolidated statements of operations on a straight-line basis over the lease term.

Adoption of this standard resulted in recognition of additional net right-of-use assets and lease liabilities, both of which were not quantitatively material to the Company's financial statements, and there was no impact to the Company's accumulated deficit. Adoption of this standard did not have a notable impact on the Company's liquidity.

See Note 8 for additional discussion on the Company's leases and the adoption of ASU 2016-02.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

3. Marketable Securities

Marketable securities are considered "available-for-sale" in accordance with FASB Accounting Standards Codification ("ASC") 320, "Debt and Equity Securities," and thus are reported at fair value in the Company's accompanying balance sheet, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. Amounts reclassified out of accumulated other comprehensive income (loss) into realized gains and losses are accounted for on the basis of specific identification and are included in other income or expense in the statement of operations. The Company classifies such investments as current on the balance sheet as the investments are readily marketable and available for use in current operations.

The following table shows the Company's marketable securities' adjusted cost, gross unrealized gains and losses, and fair value by significant investment category as of June 30, 2019 and December 31, 2018:

	June 30, 2019			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Commercial Paper	$ 5,940,729	$ 4,831	$ -	$ 5,945,560
Corporate Bonds	3,002,212	2,348	-	3,004,560
Total Marketable Securities	$ 8,942,941	$ 7,179	$ -	$ 8,950,120

	December 31, 2018			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate Bonds	$ 5,999,356	$ -	$ (17,836)	$ 5,981,520

The Company typically invests in highly-rated securities, with the primary objective of minimizing the potential risk of principal loss. As of June 30, 2019, all of the Company's marketable securities are due to mature in less than one year.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

4. Prepaid Expenses and Other Current Assets

	June 30, 2019	December 31, 2018
Deposits on contracts	**$ 370,942**	$ 618,417
Prepaid expenses and other current assets	**662,099**	555,430
	$ 1,033,041	$ 1,173,847

Deposits on contracts consist of deposits on research and development contracts for services that had not been incurred as of the balance sheet date. Prepaid expenses and other assets include prepaid general and administrative expenses, such as insurance, rent, investor relations fees and compensatory stock issued for services not yet incurred as of the balance sheet date.

5. Equipment, Net

	June 30, 2019	December 31, 2018
Furniture and fixtures	**$ 67,650**	$ 82,686
Office and computer equipment	**178,872**	159,489
Lab equipment	**-**	447,653
Leasehold improvements	**116,403**	131,762
Total equipment	**362,925**	821,590
Less: Accumulated depreciation and amortization	**(268,240)**	(709,117)
Net carrying amount	**$ 94,685**	$ 112,473

During the six months ended June 30, 2019, the Company sold its lab equipment prior to terminating its laboratory lease. The Company recorded a loss of $9,594 on the sale, which is included in general and administrative expense in the Company's statement of operations.

6. Accounts Payable and Accrued Expenses

	June 30, 2019	December 31, 2018
Trade payables	**$ 945,829**	$ 547,519
Accrued expenses	**89,000**	140,637
Accrued research and development contract costs	**623,266**	1,782,131
Payroll liabilities	**262,639**	682,263
	$ 1,920,734	$ 3,152,550

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

7. Collaboration Agreements

BioSense Global LLC

On February 25, 2019, the Company entered into a collaboration and license agreement (the "Collaboration and License Agreement") with BioSense Global LLC ("BioSense") to advance the development and commercialization of RX-3117 for pancreatic and other cancers in the Republic of Singapore, China, Hong Kong, Macau and Taiwan (the "Territory"). Under the terms of the Collaboration and License Agreement, the Company will grant BioSense an exclusive license to develop and commercialize pharmaceutical products containing RX-3117 as a single agent for the prevention or treatment of metastatic pancreatic cancer and other forms of cancer in the Territory that is effective upon payment in full of an upfront payment. The upfront payment consists of an aggregate of $3,000,000, $1,500,000 of which had been paid by June 30, 2019, and the remaining $1,500,000 of which is due on August 24, 2019. Under the Collaboration and License Agreement, the Company is also eligible to receive milestone payments (i) in an aggregate of up to $126,000,000 for the achievement of development and regulatory goals in China and (ii) in an aggregate of up to $100,000,000 for the achievement of annual sales goals in the Republic of Singapore, China, Hong Kong, Macau and Taiwan with respect to each pharmaceutical product containing RX-3117 as a single agent. The Company will also be eligible to receive tiered royalties in the low double digits to mid-teens on annual net sales in the Territory.

The Company has evaluated the Collaboration and License Agreement under ASC 606, "Revenue from Contracts with Customers," to determine the appropriate amount of revenue to be recognized as the Company fulfills its obligations under the Collaboration and License Agreement. The Company identified the exclusive license to develop RX-3117 and the supply RX-3117 clinical material for clinical trials as the distinct performance obligations in the contract. The Company has determined that it will recognize revenue related to the exclusive license to develop RX-3117 and the supply of RX-3117 clinical material transfers to BioSense at a point in time when the exclusive license is conveyed and RX-3117 clinical material is delivered to BioSense, respectively.

The Company determined the transaction price contains both fixed and variable consideration. The fixed consideration is equal to the upfront payment of $3,000,000. The variable consideration relates to the milestone payments and future sales-based royalty payments. The Company estimates the variable consideration in the contract using the most likely amount method. The Company has determined at the contract outset and as of June 30, 2019 that all milestone payments should be fully constrained, as it is not probable that a significant reversal of revenue will not occur in a future period, given the significance of the milestone payments and that the payments are earned based upon the achievement of events that are highly susceptible to factors outside of the Company's control. Future sales-based royalties related to the exclusive license to develop RX-3117 will be recognized in the period the underlying sales transaction occurs.

The $3,000,000 upfront payment will be allocated to the performance obligations on the basis of the relative stand-alone selling price estimated for each performance obligation. The Company has determined the standalone selling price of the exclusive license to develop RX-3117 using the adjusted market approach, which represents the price the market will bear based on the license rights granted and the state of the intellectual property, and has determined the standalone selling price of the supply of RX-3117 clinical material using a cost plus a margin approach. Accordingly, the Company has allocated $2,500,000 of the upfront transaction price to the exclusive license to develop RX-3117 and $500,000 to the supply of RX-3117 clinical material. Additional transaction price recognized in future periods related to milestone payments and royalties will be allocated solely to the exclusive license to develop RX-3117, as these amounts relate to efforts associated with the development and commercialization of products related to the exclusive license to develop RX-3117.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

Neither performance obligation has been satisfied as of June 30, 2019. Accordingly, no revenue has been recognized for the three and six months ended June 30, 2019. The Company has recorded the $1,500,000 of transaction consideration received as of June 30, 2019 as deferred revenue on the Company's balance sheet.

Zhejiang Haichang Biotechnology Co., Ltd.

On February 8, 2018, the Company entered into a research and development collaboration agreement withZhejiang Haichang Biotechnology Co., Ltd. ("Haichang") under which Haichang will develop RX-0301, a nano-liposomal formulation of RX-0201, using its proprietary QTsome™ technology and will conduct certain preclinical and clinical activities through completion of a Phase 2a proof-of-concept clinical trial in hepatocellular carcinoma in China.

The Company accounts for this contract under ASC 606. The Company has determined the sole performance obligation under the contract with Haichang relates to the license of intellectual property in exchange for variable, non-cash consideration in the form of the rights to the enhanced intellectual property developed by Haichang under the contract. Revenue associated with this license is recognized at a point in time. At the outset of the contract, the value of the license was determined to be de minimis given the early stage of clinical development of the intellectual property. Because the consideration in the contract varies based upon the success of the research and development efforts of Haichang, the Company has determined that the non-cash consideration in the contract represents variable consideration. The Company estimates variable consideration under the contract using the expected value method. Given the early stage and the uncertain success of the development work to be performed by Haichang, the Company has determined that the variable consideration in the contract should be fully constrained at the contract outset and as of June 30, 2019. The Company has not recorded revenue for this contract for the three and six months ended June 30, 2019.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

8. Leases

The Company adopted ASU 2016-02 on January 1, 2019. Upon adoption, leases classified as operating leases under previous U.S. GAAP are recognized as right of use lease assets and lease liabilities. The classification criteria for distinguishing between finance leases and operating leases pursuant to ASU 2016-02 are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. Upon adoption, the Company did not have any finance leases, and the Company's operating leases were as follows:

Office Space Lease

The Company leases 5,466 square feet of office space in Rockville Maryland, with a lease term ending June 30, 2024. Prior to the amendment of this lease on March 18, 2019, the lease covered 7,193 square feet and had a lease term ending June 30, 2019. Under the lease agreement, the Company pays its allocable portion of real estate taxes and common area operating charges. The lease has escalating rent payments for which the Company records rent expense on a straight line basis over the lease term, and an option to terminate the leased premises, without penalty, on June 30, 2021. The Company is reasonably certain that it will not remain in these leased premises after the optional termination date, and therefore, is using the optional termination date in assessing the lease term.

Laboratory Lease

The Company previously leased 2,552 square feet of laboratory space with a lease term due to end on June 30, 2020. The Company terminated its laboratory lease agreement on February 4, 2019 and surrendered the premises on February 28, 2019.

The following table summarizes the right of use lease assets and lease liabilities as of June 30, 2019:

Right-of-Use Assets	$	263,658
Operating Lease Liabilities		
Current	$	130,466
Long Term		136,196
Total Operating Lease Liabilities	$	266,662

Lease expense for the three months ended June 30, 2019 was $53,788, which includes $47,129 in operating lease costs and $6,659 in variable lease costs. Lease expense for the six months ended June 30, 2019 was $150,079, which includes $127,407 in operating lease costs and $22,672 in variable lease costs. The right-of-use asset and lease liability were calculated using an estimated incremental borrowing rate of 11%. At June 30, 2019, the weighted average lease term was 2.0 years.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

The table below summarizes the Company's scheduled future minimum lease payments recorded on the balance sheet, as of June 30, 2019:

Year Ending December 31:	
2019 (excluding the six months ended June 30, 2019)	$ 63,770
2020	154,961
2021	78,437
Minimum lease payments	297,168
Less: Imputed interest	(30,506)
Present value of minimum lease payments	266,662
Less: current maturities of lease obligations	(130,466)
Long-term lease obligations	$ 136,196

9. Net Loss per Common Share

Basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period. Diluted loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding, plus the number of common share equivalents that would be dilutive. As of June 30, 2019 and December 31, 2018, there were stock options, restricted stock units and warrants to acquire, in the aggregate, 2,160,106 and 1,322,602 shares of the Company's common stock, respectively, that are potentially dilutive. However, diluted loss per share is the same as basic loss per share for all periods presented because the inclusion of common share equivalents would be anti-dilutive.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
(Unaudited)

10. Common Stock

The following transactions occurred during the six months ended June 30, 2019:

Reverse Stock Split

On April 12, 2019 the Company effected a 1-for-12 reverse stock split of the outstanding shares of the Company's common stock. Each 12 shares of the Company's common stock, par value $0.0001 per share, issued and outstanding at the effective time of the reverse stock split were reclassified and combined into one share of common stock par value $0.0001 per share. The number of shares of common stock and preferred stock the Company is authorized to issue remained unchanged at 75,000,000 and 10,000,000, respectively. All share and per share amounts have been restated for all periods to give retroactive effect to the reverse stock split. Accordingly, an amount equal to the par value of the decreased shares resulting from the reverse stock split was reclassified from "Common stock" to "Additional paid-in capital."

January 2019 Public Offering

On January 25, 2019, the Company closed an underwritten public offering of 895,834 shares of common stock and warrants to purchase up to 895,886 shares of common stock, resulting in gross proceeds to the Company of approximately $8,600,000. The common stock and warrants were sold in units, consisting of a share of common stock and a warrant to purchase a share of common stock, at a price of $9.60 per unit, with an exercise price for the warrants of $9.60 per share. The warrants were immediately exercisable and will remain exercisable until January 25, 2024. The warrants issued are classified as equity instruments. The closing costs of this offering were $1,046,172 in underwriter's and other professional fees that are recorded as a reduction in the gross proceeds of the offering.

Restricted Stock Units

During the six months ended June 30, 2019, the Company issued 464 shares resulting from the vesting of restricted stock units ("RSUs").

REXAHN PHARMACEUTICALS, INC.
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11. Stock-Based Compensation

As of June 30, 2019, the Company had 238,346 options to purchase common stock and 271 RSUs outstanding.

At the Company's Annual Meeting of Shareholders held on June 10, 2013, the Company's shareholders voted to approve the Rexahn Pharmaceuticals, Inc. 2013 Stock Option Plan (the "2013 Plan"). Under the 2013 Plan, the Company grants equity awards to key employees, directors and consultants of the Company. The Company has reserved 283,333 shares of common stock for issuance pursuant to the 2013 Plan. As of June 30, 2019, there were 219,526 options and 271 RSUs outstanding under the 2013 Plan, and 61,505 shares were available for issuance.

On August 5, 2003, the Company established a stock option plan (the "2003 Plan"). With the adoption of the 2013 Plan, no new stock options may be issued under the 2003 Plan, but previously issued options under the 2003 Plan remain outstanding until their expiration. As of June 30, 2019, there were 18,820 options outstanding under the 2003 Plan.

Accounting for Awards

Stock-based compensation expense is the estimated fair value of options and RSUs granted amortized on a straight-line basis over the requisite vesting service period for the entire portion of the award. Total stock-based compensation recognized by the Company for the three and six months ended June 30, 2019 and 2018 is as follows:

	For the Three Months Ended June 30,		**For the Six Month Ended June 30,**	
	2019	2018	**2019**	2018
Statement of operations line item:				
General and administrative	**$ 119,719**	$ 174,589	**$ 236,398**	$ 391,004
Research and development	**7,934**	92,562	**52,255**	172,724
Total	**$ 127,653**	$ 267,151	**$ 288,653**	$ 563,728

No income tax benefit has been recognized in the statement of operations for stock-based compensation arrangements as the Company has provided for a 100% valuation allowance on its deferred tax assets.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
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Summary of Stock Option Transactions

There were 52,465 stock options granted at exercise prices ranging from $5.23 to $7.45 with an aggregate fair value of $220,540 during the six months ended June 30, 2019.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. The Company took into consideration guidance under ASC 718, "Compensation-Stock Compensation," and Staff Accounting Bulletin No. 107 ("SAB 107") when reviewing and updating assumptions. The expected volatility is based upon historical volatility of the Company's stock. The expected term is based upon the simplified method as allowed under SAB 107.

The assumptions made in calculating the fair values of options are as follows:

	For the Six Months Ended June 30,	
	2019	2018
Black-Scholes assumptions		
Expected dividend yield	**0%**	0%
Expected volatility	**74-75%**	69-72%
Risk-free interest rate	**1.9-2.6%**	2.3-2.8%
Expected term (in years)	**5.5-6 years**	5.5-6 years

A summary of stock option activity for the six months ended June 30, 2019 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2019	255,922	$ 41.88	7.8 years	$ -
Granted	52,465	$ 6.41		
Exercised	-	$ -		
Expired	(2,080)	$ 97.78		
Cancelled	(67,961)	$ 39.02		
Outstanding, June 30, 2019	238,346	$ 34.36	7.8 years	$ -
Exercisable, June 30, 2019	119,953	$ 55.44	6.3 years	$ -

There were no stock options exercised during the three and six months ended June 30, 2019 and 2018. The weighted average fair value of the options granted was $4.20 and $15.24 for the six months ended June 30, 2019 and 2018, respectively.

REXAHN PHARMACEUTICALS, INC.
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A summary of the Company's unvested options as of June 30, 2019 and changes during the six months ended June 30, 2019 is presented below:

	2019	
	Number of Options	**Weighted Average Fair Value at Grant Date**
Unvested at January 1, 2019	131,531	$ 13.19
Granted	52,465	$ 4.20
Vested	(32,503)	$ 16.16
Cancelled	(33,100)	$ 12.73
Unvested at June 30, 2019	118,393	$ 8.52

As of June 30, 2019, there was $908,838 of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average vesting period of 2.6 years.

Summary of Restricted Stock Unit Transactions

The fair value of an RSU award is the closing price of the Company's common stock on the date of grant.

A summary of RSU activity for the six months ended June 30, 2019 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding, January 1, 2019	1,394	$ 22.08
Granted	-	$ -
Vested and Released	(464)	$ 22.08
Cancelled	(659)	$ 22.08
Outstanding, June 30, 2019	271	$ 22.08

As of June 30, 2019, there was $4,884 of total unrecognized compensation cost related to unvested RSUs which is expected to be recognized over a weighted average vesting period of 1.7 years.

REXAHN PHARMACEUTICALS, INC.
Notes to Condensed Financial Statements
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12. Warrants

The following table summarizes the Company's outstanding warrants to purchase common stock as of June 30, 2019 and December 31, 2018:

	Number of Warrants:			
Warrant Issuance	**June 30, 2019**	December 31, 2018	Exercise Price	Expiration Date
Liability-classified Warrants				
January 2014 Investors	**-**	39,683	$ 153.60	Jan. 2019
November 2015 Investors	**104,168**	104,168	$ 63.60	May 2021
November 2015 Placement Agent	**279**	279	$ 63.60	Nov. 2020
March 2016 Investors	**50,651**	50,651	$ 50.40	Sept. 2021
September 2016 Investors	**67,084**	67,084	$ 36.00	Mar. 2022
June 2017 Investors	**126,264**	126,264	$ 48.00	Dec. 2022
June 2017 Placement Agent	**15,153**	15,153	$ 49.50	Jun. 2022
October 2017 Investors	**136,058**	136,058	$ 34.20	Apr. 2023
October 2017 Placement Agent	**16,327**	16,327	$ 36.72	Oct. 2022
Total liability classified warrants	**515,984**	555,667		
Equity-classified Warrants				
October 2018 Investors	**480,771**	480,771	$ 20.04	Apr. 2024
October 2018 Placement Agent	**28,848**	28,848	$ 19.50	Oct. 2023
January 2019 Investors	**895,886**	-	$ 9.60	Jan. 2024
Total equity-classified warrants	**1,405,505**	509,619		
Total outstanding warrants	**1,921,489**	1,065,286		

The following table summarizes the Company's warrant activity for the six months ended June 30, 2019:

	Number of Warrants			
	Liability-classified	Equity-classified	Total	Weighted average exercise price
Balance, January 1, 2019	555,667	509,619	1,065,286	$ 37.52
Issued during the period	-	895,886	895,886	$ 9.60
Exercised during the period	-	-	-	$ -
Expired during the period	(39,683)	-	(39,683)	$ 153.60
Balance, June 30, 2019	515,984	1,405,505	1,921,489	$ 22.10

At June 30, 2019, the weighted average remaining contractual life of the outstanding warrants was 4.2 years.

REXAHN PHARMACEUTICALS, INC.
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The following table summarizes the fair value of the liability-classified warrants as of the respective balance sheet dates:

	Fair Value as of:	
Warrant Issuance:	**June 30, 2019**	December 31, 2018
November 2015 Investors	**$ 10,765**	$ 234,918
November 2015 Placement Agent	**-**	435
March 2016 Investor	**12,426**	160,099
September 2016 Investors	**43,752**	333,834
June 2017 Investors	**105,374**	623,324
June 2017 Placement Agent	**8,685**	65,149
October 2017 Investors	**169,925**	801,551
October 2017 Placement Agent	**15,805**	88,276
Total:	**$ 366,732**	$ 2,307,586

The assumptions used in calculating the fair values of the liability-classified warrants are as follows:

	June 30, 2019	December 31, 2018
Trading market prices	**$ 5.16**	$ 11.16
Estimated future volatility	**102%**	105%
Dividend	**-**	-
Estimated future risk-free rate	**1.59-1.76%**	2.35-2.53%
Equivalent volatility	**84-87%**	99-104%
Equivalent risk-free rate	**1.86-1.98%**	2.51-2.55%
Fundamental transaction likelihood, at end of warrant term	**5%**	5%

Changes in the fair value of the warrant liabilities, carried at fair value, reported as “unrealized gain on fair value of warrants” in the statement of operations:

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
	2019	2018	**2019**	2018
Expired Warrants	**$ -**	$ 26	**$ -**	$ 64,307
November 2015 Investors	**27,069**	213,847	**224,153**	854,801
November 2015 Placement Agent	**55**	556	**435**	2,134
March 2016 Investors	**32,874**	112,581	**147,673**	440,035
September 2016 Investors	**72,213**	137,110	**290,082**	571,485
June 2017 Investors	**129,559**	278,040	**517,950**	1,101,211
June 2017 Placement Agent	**14,553**	31,031	**56,464**	128,340
October 2017 Investors	**135,125**	288,231	**631,626**	1,160,577
October 2017 Placement Agent	**16,035**	34,278	**72,471**	139,306
Total:	**$ 427,483**	$ 1,095,700	**$ 1,940,854**	$ 4,462,196

REXAHN PHARMACEUTICALS, INC.
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13. Income Taxes

No provision for federal and state income taxes was required for the three and six months ended June 30, 2019 and 2018 due to the Company's operating losses and increased deferred tax asset valuation allowance. At June 30, 2019 and December 31, 2018, the Company had unused net operating loss carry-forwards of approximately $152,421,000 and $147,086,000 respectively, which portions of expire at various dates beginning in 2021. Some of this amount may be subject to annual limitations under certain provisions of the Internal Revenue Code related to "changes in ownership."

As of June 30, 2019 and December 31, 2018, the deferred tax assets related to the aforementioned carry-forwards have been fully offset by valuation allowances, because significant utilization of such amounts is not presently expected in the foreseeable future.

Deferred tax assets and valuation allowances consist of:

	June 30, 2019	December 31, 2018
Net Operating Loss Carryforwards	**$ 42,678,000**	$ 41,184,000
Stock Compensation Expense	**1,265,000**	1,608,000
Book tax differences on assets and liabilities	**508,000**	195,000
Valuation Allowance	**(44,451,000)**	(42,987,000)
Net Deferred Tax Assets	$ -	$ -

The Company files income tax returns in the U.S. federal and Maryland state jurisdictions. Tax years for fiscal 2015 through 2018 are open and potentially subject to examination by the federal and Maryland state taxing authorities.

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Notes to Condensed Financial Statements
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14. Commitments and Contingencies

a) The Company has contracted with various vendors for services, with terms that require payments over the terms of the agreements, usually ranging from two to 36 months. The costs to be incurred are estimated and are subject to revision. As of June 30, 2019, the total estimated cost to complete these agreements was approximately $3,870,000. All of these agreements may be terminated by either party upon appropriate notice as stipulated in the respective agreements.

b) On June 22, 2009, the Company entered into a License Agreement with Korea Research Institute of Chemical Technology ("KRICT") to acquire the rights to all intellectual property related to quinoxaline-piperazine derivatives that were synthesized under a Joint Research Agreement. The agreement with KRICT calls for a one-time milestone payment of $1,000,000 within 30 days after the first achievement of marketing approval of the first commercial product arising out of or in connection with the use of KRICT's intellectual property. As of June 30, 2019, the milestone has not occurred.

c) The Company has established a 401(k) plan for its employees. The Company has elected to match 100% of the first 3% of an employee's compensation plus 50% of an additional 2% of the employee's deferral. Expense related to this matching contribution aggregated to $18,506 and $34,468 for the three months ended June 30, 2019 and 2018, respectively, and $46,385 and $70,277 for the six months ended June 30, 2019 and 2018, respectively.

d) On February 5, 2018, the Company and NEXT BT Co. Ltd ("Next BT") terminated a research collaboration agreement between the Company and Rexgene Biotech Co., Ltd, a predecessor in interest to Next BT. The Company agreed to pay Next BT a royalty in the low single digits of any net sales of RX-0201 the Company makes in Asia and 50% of the Company's licensing revenue related to licensing of RX-0201 in Asia, up to an aggregate of $5,000,000. As of June 30, 2019, the Company has not made any royalty payments to Next BT.

REXAHN PHARMACEUTICALS, INC.
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15. Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, not adjusted for transaction costs. ASC 820 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels giving the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels are described below:

Level 1 Inputs	—	Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Company;
Level 2 Inputs	—	Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and
Level 3 Inputs	—	Unobservable inputs for the asset or liability including significant assumptions of the Company and other market participants.

The following tables present assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2019 and December 31, 2018, and no transfers between Level 1, 2 and 3 during the six months ended June 30, 2019.

Fair Value Measurements at June 30, 2019

	Total	Level 1	Level 2	Level 3
Assets:				
Commercial Paper	$ 5,945,560	$ -	$ 5,945,560	$ -
Corporate Bonds	3,004,560	-	3,004,560	-
Total Assets:	**$ 8,950,120**	**$ -**	**$ 8,950,120**	**$ -**
Liabilities:				
Warrant Liabilities	**$ 366,732**	**$ -**	**$ -**	**$ 366,732**

Fair Value Measurements at December 31, 2018

	Total	Level 1	Level 2	Level 3
Assets:				
Corporate Bonds	$ 5,981,520	$ -	$ 5,981,520	$ -
Liabilities:				
Warrant Liabilities	$ 2,307,586	$ -	$ -	$ 2,307,586

REXAHN PHARMACEUTICALS, INC.
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The reconciliation of changes to the fair value of the Company's warrant liabilities for the six months ended June 30, 2019 is as follows:

	Warrant Liabilities
Balance at January 1, 2019	$ 2,307,586
Unrealized gains, net	(1,940,854)
Balance at June 30, 2019	$ 366,732

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

OVERVIEW

The following discussion should be read in conjunction with the unaudited condensed financial statements and notes thereto set forth in Item 1 of this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Except for the historical information contained herein, the matters discussed in this Quarterly Report on Form 10-Q may be deemed to be forward-looking statements that involve risks and uncertainties. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. In this Quarterly Report on Form 10-Q, words such as "believe", "estimate", "expect", "anticipate", "will", "may", "intend" and other similar expressions, are intended to identify forward-looking statements. We caution that forward-looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors that are, in many instances, beyond our control. Actual results, performance or achievements may differ materially from those contemplated, expressed or implied by the forward-looking statements.

Although we believe that the expectations reflected in our forward-looking statements are reasonable as of the date we make them, actual results could differ materially from those currently anticipated due to a number of factors, including risks relating to:

- *our understandings and beliefs regarding the role of certain biological mechanisms and processes in cancer;*
- *our drug candidates being in early stages of development, including in preclinical development;*
- *our ability to initially develop drug candidates for orphan indications to reduce the time-to-market and take advantage of certain incentives provided by the U.S. Food and Drug Administration;*
- *our ability to successfully and timely complete clinical trials for our drug candidates in clinical development;*
- *uncertainties related to the timing, results and analyses related to our drug candidates in preclinical development;*
- *our ability to obtain the necessary U.S. and international regulatory approvals for our drug candidates;*
- *our reliance on third-party contract research organizations and other investigators and collaborators for certain research and development services;*
- *our ability to maintain or engage third-party manufacturers to manufacture, supply, store and distribute supplies of our drug candidates for our clinical trials;*
- *our ability to form strategic alliances and partnerships with pharmaceutical companies and other partners for development, sales and marketing of certain of our product candidates;*

- *demand for and market acceptance of our drug candidates;*
- *the scope and validity of our intellectual property protection for our drug candidates and our ability to develop our candidates without infringing the intellectual property rights of others;*
- *our lack of profitability and the need for additional capital to operate our business;*
- *the uncertainty about the paths of our programs and our ability to evaluate and identify a path forward for those programs, particularly given the constraints we have as a small company with limited financial, personnel and other operating resources; and*
- *other risks and uncertainties, including those set forth herein and in our Annual Report on Form 10-K for the year ended December 31, 2018 under the caption "Risk Factors" and those detailed from time to time in our filings with the Securities and Exchange Commission.*

These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

We are a clinical stage biopharmaceutical company developing innovative therapies to improve patient outcomes in cancers that are difficult to treat. Our mission is to improve the lives of cancer patients by developing next-generation cancer therapies that are designed to maximize efficacy and minimize the toxicity and side effects traditionally associated with cancer treatment. Our pipeline features two product candidates in Phase 2 clinical development and additional compounds in preclinical development. Our strategy is to advance our existing product candidates and to continue building a significant pipeline of innovative oncology product candidates that we intend to develop and commercialize with partners. Our clinical stage product candidates in active development are RX-3117 and RX-5902.

- RX-3117 is a novel, investigational oral, small molecule nucleoside compound. Once intracellularly activated (phosphorylated) by the enzyme UCK2, it is incorporated into the DNA or RNA of cells and inhibits both DNA and RNA synthesis, which induces apoptotic cell death of tumor cells. Because UCK2 is overexpressed in multiple human tumors, but has a very limited presence in normal tissues, we believe RX-3117 offers the potential for a targeted anti-cancer therapy. RX-3117 has appeared to be well-tolerated in multiple clinical trials and has received "orphan drug designation" from the U.S. Food and Drug Administration (the "FDA") and from the European Commission for pancreatic cancer. RX-3117 is currently being evaluated in a Phase 2a clinical trial in combination with Celgene's Abraxane® (paclitaxel protein-bound particles for injectable suspension) as a first-line treatment in patients newly diagnosed with metastatic pancreatic cancer. The trial began dosing patients in November 2017 and reached its target enrollment in February 2019. Preliminary safety and efficacy data from this trial reported in January 2019 showed a 38% overall response rate in the 24 patients who had at least one scan on treatment and were included in the preliminary evaluation of overall response. As of July 24, 2019, an overall response rate of 23% had been observed in 40 patients that had at least one scan on treatment. Preliminary and unaudited data indicates that the median progression free survival for patients in the study is approximately 5.4 months. Complete data from the trial is expected to be available in 2020. While no additional trials are currently planned in metastatic pancreatic cancer, we are evaluating development options for RX-3117 in other indications.

On February 25, 2019, we entered into a collaboration and license agreement (the "Collaboration and License Agreement") with BioSense Global LLC ("BioSense") to advance the development and commercialization of RX-3117 for pancreatic and other cancers in the Republic of Singapore, China, Hong Kong, Macau and Taiwan (the "Territory"). Under the terms of the Collaboration and License Agreement, we will grant BioSense an exclusive license to develop and commercialize pharmaceutical products containing RX-3117 as a single agent for the prevention or treatment of metastatic pancreatic cancer and other forms of cancer in the Territory that is effective upon payment in full of an upfront payment. The upfront payment consists of an aggregate of $3,000,000, $1,500,000 of which had been paid by June 30, 2019, and the remaining $1,500,000 of which is due on August 24, 2019. We have allocated $2,500,000 of the upfront payment to the exclusive license to develop RX-3117 and $500,000 to the supply of RX-3117 clinical material, and we will recognize revenue related to the exclusive license and the supply of clinical material transfers to BioSense at a point in time when the exclusive license is conveyed and RX-3117 clinical material is delivered to BioSense, respectively. Under the Collaboration and License Agreement, we are also eligible to receive milestone payments (i) in an aggregate of up to $126,000,000 for the achievement of development and regulatory goals in China and (ii) in an aggregate of up to $100,000,000 for the achievement of annual sales goals in the Territory with respect to each pharmaceutical product containing RX-3117 as a single agent. We will also be eligible to receive tiered royalties in the low double digits to mid-teens on annual net sales in the Territory.

- RX-5902 is a potential first-in-class small molecule modulator of the Wnt/beta-catenin pathway which plays a key role in cancer cell proliferation and tumor growth. RX-5902 modulates the pathway through inhibition of phosphorylated p68, a protein that helps to transport beta-catenin from the cytoplasm into the cell nucleus. Once inside the nucleus, beta-catenin turns on various oncogenes, thereby promoting cancer cell proliferation and tumor growth. We believe that by inhibiting phosphorylated p68, RX-5902 hinders the transport of beta-catenin into the nucleus and reduces the activation of cancer genes. In addition, multiple preclinical models have shown that RX-5902 activates the immune system against cancer and enhances the ability of immune cells to infiltrate the tumor and kill tumor cells. In preclinical models of colorectal and triple negative breast cancer ("TNBC"), the effects of RX-5902 were observed to be synergistic with other immunotherapy agents such as checkpoint inhibitors. We have evaluated RX-5902 in a Phase 1 dose escalation study in patients with a diverse range of metastatic, treatment-refractory tumors, including breast, ovarian, colorectal, and neuro-endocrine tumors. In February 2017, we initiated a Phase 2a clinical trial of RX-5902 in patients with metastatic TNBC. In August 2018, we entered into a collaboration with Merck Sharp & Dohme B.V. ("Merck") to evaluate the combination of RX-5902 and Merck's anti-PD-1 therapy, KEYTRUDA ® (pembrolizumab) in a Phase 2 trial in patients with metastatic TNBC. In December 2018, we ceased enrollment in the ongoing Phase 2a monotherapy trial of RX-5902 in TNBC to focus RX-5902 development activities on planning the proposed combination trial with KEYTRUDA. We are currently evaluating the development strategy for RX-5902 and may or may not proceed with this trial.

- RX-0301 is a potential best-in-class, potent inhibitor of the synthesis of the protein kinase Akt-1, which we believe plays a critical role in cancer cell proliferation, survival, angiogenesis, metastasis and drug resistance. RX-0301 is the subject of a research and development collaboration with Zhejiang Haichang Biotechnology Co., Ltd ("Haichang") for the development of RX-0301 to conduct certain preclinical and clinical activities through completion of a Phase 2a proof-of-concept clinical trial in hepatocellular carcinoma. RX-0301 is being developed as a nano-liposomal formulation of RX-0201 (Archexin®) using Haichang's proprietary QTsome™ technology. Rexahn was previously developing RX-0201 for the treatment of renal cell carcinoma ("RCC"). In February 2018, in response to the changing treatment landscape for metastatic RCC over the prior two years with the approval of new therapies by the FDA, we announced plans to discontinue the internally funded programs of RX-0201 and ceased enrolling patients in a Phase 2a proof-of-concept clinical trial of RX-0201 in patients with metastatic RCC. RX-0301 is currently in preclinical development. Haichang expects to file an investigational new drug application with the FDA in 2020.

Since our inception, our efforts and resources have been focused primarily on developing our pharmaceutical technologies, raising capital and recruiting personnel. We have no product sales to date, and we will not generate any product sales until we receive approval from the FDA or equivalent foreign regulatory bodies to begin selling our pharmaceutical candidates. Our major sources of working capital have been proceeds from various private and public financings, and licensing and collaboration agreements with our strategic investors and partners.

Recently Issued Accounting Standards

See Note 2, "Recent Accounting Pronouncements Affecting the Company," in the Notes to Condensed Financial Statements for a discussion of recent accounting pronouncements.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2019 and June 30, 2018

Total Revenues

We had no revenues for the three and six months ended June 30, 2019 or 2018.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses for executive, finance and other administrative personnel, recruitment expenses, professional fees and other corporate expenses, including business development, investor relations, and general legal activities.

General and administrative expenses decreased approximately $229,000, or 14.6%, to approximately $1,340,000 for the three months ended June 30, 2019 from $1,569,000 for the three months ended June 30, 2018. The decrease was primarily attributable to decreased personnel costs. General and administrative expenses decreased approximately $360,000, or 10.6%, to approximately $3,036,000 for the six months ended June 30, 2019 from $3,396,000 for the three months ended June 30, 2018. The decrease was primarily attributable to decreased personnel costs offset by increases in professional fees primarily attributable to our special shareholder's meeting in March 2019.

Research and Development Expenses

Research and development expenses decreased approximately $1,785,000, or 52.0%, to approximately $1,648,000 for the three months ended June 30, 2019, from approximately $3,433,000 for the three months ended June 30, 2018. Research and development expenses decreased approximately $3,600,000, or 48.1%, to approximately $3,891,000 for the six months ended June 30, 2019, from approximately $7,491,000 for the six months ended June 30, 2018. The decreases were primarily attributable to decreases in drug manufacturing costs. During the three and six months ended June 30, 2019, we incurred approximately $194,000 and $412,000, respectively, in drug manufacturing costs, compared to approximately $833,000 and $2,087,000 for the corresponding periods in 2018. Because the volume and timing of our drug manufacturing does not correlate directly with the level and timing of clinical trial activity, we expect expenses related to drug manufacturing costs to vary from period to period based not only on the progress of clinical trials, but also when we engage in manufacturing activities. The decreases were also partially attributable to reduced costs as a result of our December 2018 restructuring, which eliminated several positions, certain preclinical activities, the completion of enrollment in our RX-3117 combination study with Abraxane, and our RX-3117 bladder and RX-5902 TNBC monotherapy clinical trials.

The table below summarizes the approximate amounts incurred in each of our research and development projects for the three and six months ended June 30, 2019 and 2018:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	**2019**	2018
Clinical Candidates:				
RX-3117	**$ 1,058,000**	$ 1,485,300	**$ 2,136,400**	$ 3,596,900
RX-5902	**187,800**	949,600	**530,200**	1,864,000
RX-0201	**55,300**	164,200	**171,100**	317,000
Preclinical, Personnel and Overhead	**347,301**	833,493	**1,052,931**	1,713,226
Total Research and Development Expenses	**$ 1,648,401**	$ 3,432,593	**$ 3,890,631**	$ 7,491,126

Interest Income

Interest income increased approximately $29,000 and $35,000, or 43.2% and 24.3%, respectively for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018. The increases were primarily attributable to higher interest rates on cash and cash equivalents and marketable securities for the three and six months ended June 30, 2019 compared to the same periods in 2018.

Other Income

During the six months ended June 30, 2018, we recorded approximately $369,000 of other income related to the early termination of our collaborative agreement with NEXT BT Co. Ltd, the successor in interest to Rexgene Biotech Co., Ltd. We did not record other income for the three and six months ended June 30, 2019 or for the three months ended June 30, 2018.

Unrealized Gain on Fair Value of Warrants

Our warrants are recorded as liabilities at fair value, and the warrants are valued using a lattice model. Changes in the fair value of warrants are recorded as an unrealized gain or loss in our statement of operations. During the three months ended June 30, 2019 and 2018, we recorded unrealized gains on the fair value of our warrants of approximately $427,000 and $1,096,000, respectively. During the six months ended June 30, 2019 and 2018, we recorded unrealized gains on the fair value of our warrants of approximately $1,941,000 and $4,462,000, respectively. Estimating fair values of warrants requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the warrants due to related changes to external market factors. The large unrealized gains for the three and six months ended June 30, 2019 and 2018 primarily resulted from a significant decrease in the stock price of the underlying common stock at the end of these periods compared to the stock price at the beginnings of these periods.

Net Loss

As a result of the above, net loss for the three and six months ended June 30, 2019 was approximately $2,465,000 and $4,807,000, or $0.61 and $1.23 per share, respectively compared to approximately $3,838,000 and $5,913,000, or $1.45 and $2.24, respectively for the three and six months ended June 30, 2018.

Research and Development Projects

Research and development costs are expensed as incurred. These costs consist primarily of salaries and related personnel costs, costs to acquire pharmaceutical products and product rights for development and amounts paid to contract research organizations ("CROs"), hospitals and laboratories for the provision of services and materials for drug development and clinical trials. Costs incurred in obtaining the license rights to technology in the research and development stage that have no alternative future uses are expensed as incurred. Our research and development programs are related to our oncology drug candidates. As we expand our clinical studies, we expect to enter into additional development agreements. Significant additional expenditures will be required if we complete our clinical trials, start new trials, apply for regulatory approvals, continue development of our technologies, expand our operations and bring our products to market. The eventual total cost of each clinical trial is dependent on a number of uncertainties such as trial design, the length of the trial, the number of clinical sites and the number of patients. The process of obtaining and maintaining regulatory approvals for new therapeutic products is lengthy, expensive and uncertain. Because the successful development of our most advanced drug candidates, RX-3117 and RX-5902, is uncertain, we are unable to estimate the costs of completing our research and development programs, the timing of bringing such programs to market and, therefore, when material cash inflows could commence from the sale of these drug candidates, if any. If these projects are not completed as planned, our results of operations and financial condition would be negatively affected.

RX-3117

RX-3117 is a novel, investigational oral small molecule nucleoside compound.

Expenses related to RX-3117 decreased during the three and six months ended June 30, 2019 compared to the same periods in 2018 primarily due to decreased manufacturing costs due to having supply of drug product already available from earlier manufacturing campaigns, and the completion of enrollment of our pancreatic and bladder clinical trials. We expect that expenses related to RX-3117 will remain flat for the remainder of 2019 compared to the three and six months ended June 30, 2019 as we progress toward the completion of our Phase 2a clinical trial of RX-3117 with Abraxane.

RX-5902

RX-5902 is a potential first-in-class small molecule inhibitor of phosphorylated p68, a protein that we believe plays a key role in cancer growth, progression and metastasis. Phosphorylated p68 results in up-regulation of cancer-related genes and a subsequent proliferation of cancer cells and tumor growth.

Expenses related to RX-5902 decreased during the three and six months ended June 30, 2019 compared to the same periods in 2018. The decrease is primarily attributable to decreased clinical costs due to the cessation of enrollment in the Phase 2a monotherapy trial and drug manufacturing costs for campaigns completed in 2018. We expect that expenses related to RX-5902 will decline in 2019 compared to 2018 as we evaluate the development strategy for RX-5902.

RX-0201

We were developing RX-0201 as a potential best-in-class, potent inhibitor of the protein kinase Akt-1. In February 2018, we announced plans to discontinue the internally funded programs of RX-0201 and ceased enrolling patients in a Phase 2a clinical trial of RX-0201 in patients with metastatic RCC.

Expenses related to RX-0201 decreased during the three and six months ended June 30, 2019 compared to the same periods in 2018. As the Phase 2a clinical trial of RX-0201 has ceased enrolling patients, we expect future expenses related to RX-0201 will not be significant.

Research and Development Process

We have engaged third-party CROs and other investigators and collaborators, such as universities medical institutions and other life science companies, to conduct our preclinical studies, toxicology studies and clinical trials. Engaging third party contract research organizations is typical practice in our industry. However, relying on such organizations means that the clinical trials and other studies described above are being conducted at external locations and that the completion of these trials and studies is not within our direct control. Trials and studies may be delayed due to circumstances outside our control, and such delays may result in additional expenses for us.

Liquidity and Capital Resources

Current and Future Financing Needs

We have incurred negative cash flow from operations since we started our business. We have spent, and expect to continue to spend, substantial amounts in connection with implementing our business strategy, including our planned product development efforts, our clinical trials and our research and development efforts. We will need to raise additional capital through public or private equity or debt offerings or through arrangements with strategic partners or other sources in order to continue to develop our drug candidates. There can be no assurance that additional capital will be available when needed or on terms satisfactory to us, if at all. We believe that our cash, cash equivalents, and marketable securities, will be sufficient to cover our cash flow requirements for our current activities for at least the next 12 months following the issuance of the financial statements contained in this Quarterly Report. We believe we have the capability of managing our operations within existing cash available by focusing on select research and development activities, selecting projects in conjunction with potential financings and milestones, and efficiently managing its general and administrative affairs.

The actual amount of funds we will need to operate is subject to many factors, some of which are beyond our control. These factors include the following:

- the progress of our product development activities;
- the number and scope of our product development programs;
- the progress of our preclinical and clinical trial activities;
- the progress of the development efforts of parties with whom we have entered into collaboration agreements;

- our ability to maintain current collaboration programs and to establish new collaboration arrangements;
- the costs involved in prosecuting and enforcing patent claims and other intellectual property rights; and
- the costs and timing of regulatory approvals.

Cash Flows

Cash used in operating activities was approximately $6,187,000 for the six months ended June 30, 2019. The operating cash flows during the six months ended June 30, 2019 reflect a net loss of approximately $4,807,000, an unrealized gain on the fair value of warrants of approximately $1,941,000, and a net increase of cash components of working capital and non-cash charges totaling $561,000. Cash used in operating activities was approximately $10,051,000 for the six months ended June 30, 2018. The operating cash flows during the six months ended June 30, 2018 reflect a net loss of approximately $5,913,000, an unrealized gain on the fair value of warrants of approximately $4,462,000, and a net increase of cash components of working capital and non-cash charges totaling $324,000.

Cash used by investing activities was approximately $2,901,000 for the six months ended June 30, 2019 which consisted of approximately $8,888,000 and approximately $19,000 from the purchases of marketable securities and equipment, respectively, offset by approximately $6,000 from the sale of equipment and $6,000,000 from the redemption of marketable securities. Cash provided by investing activities was approximately $6,247,000 for the six months ended June 30, 2018, which consisted of $6,250,000 from the redemption of marketable securities, offset by $3,000 from the purchase of equipment.

Cash provided by financing activities was approximately $7,654,000 for the six months ended June 30, 2019, which consisted of net proceeds from our underwritten offering in January 2019. There was no cash provided by financing activities for the six months ended June 30, 2018.

Contractual Obligations

We have a variety of contractual obligations, as more fully described in our 2018 Form 10-K. These obligations include, but are not limited to, contractual obligations in connection with license agreements (including related milestone payments), lease payments, employee compensation and incentive program expenses, and contracts with various vendors for services. As of June 30, 2019, the total estimated cost to complete our contracts with vendors for research and development services was approximately $3,870,000 under the terms of the applicable agreements. All of these agreements may be terminated by either party upon appropriate notice as stipulated in the respective agreements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (the "SEC's") rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1A.
Risk Factors.

Investing in our stock involves a high degree of risk. You should carefully consider the following discussion of risk factors, in its entirety. In addition to the other information set forth in this report, you should carefully consider the factors set forth in the Risk Factors section of our 2018 Form 10-K, as well as other information contained in the 2018 Form 10-K and in other reports we file with the SEC.

If we fail to comply with the continued listing standards of the Nasdaq Capital Market, our common stock could be delisted. If it is delisted, our common stock and the liquidity of our common stock would be impacted.

We recently transferred the listing of our common stock from NYSE American to the Nasdaq Capital Market ("Nasdaq"). The continued listing of our common stock on Nasdaq is contingent on our continued compliance with a number of listing standards. There is no assurance that we will remain in compliance with these standards. Delisting from Nasdaq would adversely affect our ability to raise additional financing through the public or private sale of equity securities, significantly affect the ability of investors to trade our securities and negatively affect the value and liquidity of our common stock. Delisting also could have other negative results, including the potential loss of employee confidence, the loss of institutional investors or interest in business development opportunities. Moreover, we committed in connection with the sale of securities to use commercially reasonably efforts to maintain the listing of our common stock during such time that certain warrants are outstanding.

Item 6. Exhibits.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation, filed as Appendix G to the Company's Definitive Proxy Statement on Schedule 14A filed on April 29, 2005, is incorporated herein by reference.
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 30, 2018, is incorporated herein by reference.
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 12, 2019, is incorporated herein by reference.
10.1	Collaboration and License Agreement, dated as of February 25, 2019, between BioSense Global LLC and Rexahn Pharmaceuticals, Inc.*
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) / 15d-14(a)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from Rexahn Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q, formatted in Extensible Business Reporting Language ("XBRL"): (i) Condensed Balance Sheet; (ii) Condensed Statement of Operations; (iii) Condensed Statement of Comprehensive Loss; (iv) Condensed Statement of Stockholders' Equity; (v) Condensed Statement of Cash Flows; and (vi) Notes to the Financial Statements.

* Portions of this exhibit have been omitted in compliance with Item 601 of Regulation S-K

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.

REXAHN PHARMACEUTICALS, INC.
(Registrant)

By: /s/ Douglas J. Swirsky
Douglas J. Swirsky
Chief Executive Officer and President
(principal executive, financial and accounting officer)

Date: August 7, 2019

Exhibit 10.1

Portions of this exhibit indicated by bracketed asterisks have been omitted because they are not material and would likely cause competitive harm to Rexahn Pharmaceuticals, Inc. if publicly disclosed.

CONFIDENTIAL
Execution Copy

COLLABORATION AND LICENSE AGREEMENT

BETWEEN

BIOSENSE GLOBAL LLC

AND

REXAHN PHARMACEUTICALS, INC.

February 25, 2019

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COLLABORATION AND LICENSE AGREEMENT

This **COLLABORATION AND LICENSE AGREEMENT** (this "**Agreement**") dated as of this 25th day of February, 2019 (the "**Effective Date**"), is made by and between **BIOSENSE GLOBAL LLC**, a New Jersey limited liability company having a place of business located at 1 Meadowlands Plaza, Suite 800, East Rutherford, NJ 07073 ("**Biosense**"), and **REXAHN PHARMACEUTICALS, INC.**, a Delaware corporation having a place of business located at 15245 Shady Grove Road, Suite 455, Rockville, MD 20850 ("**Rexahn**"). Biosense and Rexahn are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

INTRODUCTION

WHEREAS, Rexahn is developing RX-3117 (as defined below) as, among other things, a treatment for metastatic pancreatic cancer (the "**Lead Indication**"); and

WHEREAS, Biosense desires to exclusively license from Rexahn certain intellectual property rights, and to develop, manufacture, use and distribute Licensed Products in the Licensed Field in the Territory (as such terms are defined below), and Rexahn desires to grant this exclusive license to Biosense, in accordance with the terms and conditions of this Agreement .

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1.
DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth in this ARTICLE 1:

1.1 " **AAA**" has the meaning assigned to such term in Section 13.2.3.

1.2 "**Action**" has the meaning assigned to such term in Section 7.3.2.

1.3 "**Additional Collaboration**" has the meaning assigned to such term in Section 4.4.2(a)(i).

1.4 "**Additional Indication**" means the prevention or treatment of a human disease in the Option Field other than the Lead Indication.

1.5 "**Additional Indication Option**" has the meaning assigned to such term in Section 4.4.2.

1.6 " **Affiliate**" means any Person which directly or indirectly through one (1) or more intermediaries controls, is controlled by or is under common control with a Party. A Person shall be deemed to "control" another Person if it (a) owns, directly or indirectly, beneficially or legally, at least fifty percent (50%) of the outstanding voting securities or capital stock (or such lesser percentage which is the maximum allowed to be owned by a Person in a particular jurisdiction) of such other Person, or has other comparable ownership interest with respect to any Person other than a corporation; or (b) has the power, whether pursuant to contract, ownership of securities or otherwise, to direct the management and policies of the Person.

1.7 " **Agreement**" shall mean this collaboration and license agreement, as defined in the first paragraph above, as may be amended or supplemented from time to time.

1.8 " **Alliance Manager**" has the meaning assigned to such term in Section 3.2.

1.9 " **Annual Net Sales**" means total Net Sales of a Licensed Product in a particular Calendar Year.

1.10 "**Anti-Corruption Laws**" shall mean all applicable laws, regulations, orders, judicial decisions, conventions and international financial institution rules regarding corruption, bribery, ethical business conduct, money laundering, political contributions, gifts and gratuities, or lawful expenses to public officials and private persons, agency relationships, commissions, lobbying, books and records and financial controls, including the FCPA, the UK Bribery Act and Applicable PRC Laws relating to the prevention or punishment of acts of bribery or corruption.

1.11 "**API**" has the meaning assigned to such term in Section 5.4.1.

1.12 "**Applicable Accounting Standards**" means International Financial Reporting Standards (IFRS), Generally Accepted Accounting Principles (GAAP), as applicable to a Party, consistently applied.

1.13 " **Applicable Laws**" means, with respect to any jurisdiction, individually and collectively, any federal, state, local, national and supra-national laws, treaties, statutes, ordinances, rules and regulations, including those generated by the agencies or instrumentalities of such jurisdiction, including securities listing organizations, that are in effect from time to time during the Term and applicable to a particular activity hereunder.

1.14 "**Applicable PRC Laws**" means any (including local or national level) laws, regulations, administrative regulations, rules, circulars, and other legislative, executive or judicial explanations or normative documents of any competent authority of the PRC which are publicly promulgated and available and in force for the time being.

1.15 " **Arbitration Request**" has the meaning assigned to such term in Section 13.2 .

1.16 "**Bankruptcy Code**" has the meaning assigned to such term in Section 12.3 .

1.17 "**Biosense**" has the meaning assigned to such term in the first paragraph of this Agreement.

1.18 " **Biosense Know-How**" means any Know-How that is Controlled by Biosense or its Affiliates whether prior to the Effective Date or after the Effective Date during the Term, or that is discovered, invented or created solely by or on behalf of Biosense as a result of the performance of obligations under this Agreement.

1.19 " **Biosense Patents**" means any Patents that are Controlled by Biosense or its Affiliates whether prior to the Effective Date or after the Effective Date during the Term.

1.20 " **Breaching Party**" has the meaning assigned to such term in Section 12.2.1.

1.21 "**Bulk Product**" has the meaning assigned to such term in Section 5.4.1.

1.22 " **Business Day**" means a day other than Saturday or Sunday on which banking institutions in New York, New York, United States and Beijing, China are open for business.

1.23 " **Calendar Quarter**" means a period of three (3) consecutive months ending on the last day of March, June, September, or December, respectively.

1.24 "**Calendar Year**" means a period of twelve (12) consecutive months beginning on January 1 and ending on December 31.

1.25 "**China**" or "**PRC**" means the People's Republic of China, excluding, for the purposes of this Agreement, Hong Kong, Macau and Taiwan.

1.26 "**Claims**" has the meaning assigned to such term in Section 11.1.

1.27 "**Clinical Trial**" means any Phase 1 Clinical Trial, Phase 2 Clinical Trial, or Phase 3 Clinical Trial with RX-3117, as the context requires.

1.28 "**Collaboration**" has the meaning set forth in Section 2.1.

1.29 "**Collaboration Period**" has the meaning assigned to such term in Section 2.2.

1.30 "**Commercial Supply Agreement**" has the meaning assigned to such term in Section 5.4.1.

1.31 " **Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any action or objective under this Agreement, such efforts that are consistent with the efforts and resources normally used by a similarly situated pharmaceutical company in pursuing the research, development and commercialization of a similar pharmaceutical product of similar market potential at a similar stage in its development or product life.

1.32 " **Confidential Information**" has the meaning assigned to such term in Section 8.1.

1.33 " **Control**," " **Controls**" or " **Controlled**" means, when referring to any type of intellectual property (including materials and Know-How), possession by a Party of the ability to grant the licenses or sublicenses as provided herein without violating the terms of any agreement or other arrangement with any Third Party that exists at the time such Party would be granting to the other Party such license or sublicense. A Party shall be deemed to Control certain specified Patents or Know-How to the extent of its individual or joint interest therein, as applicable.

1.34 "**Data Notice**" has the meaning assigned to such term in Section 4.4.4(a).

1.35 "**Development Plan**" has the meaning set forth in Section 2.3.1.

1.36 "**Direct Costs**" means all costs directly associated with supporting clinical trial sites in China for the conduct of a global Registration Enabling Clinical Trial for RX-3117 for the Lead Indication, including all third party payments, supplies including clinical drug supplies, contract research organization costs, payments for patient enrollment, procedures and sample collection . For clarity, Direct Costs shall include all costs directly associated with clinical trial sites in China that were selected by Biosense even if such clinical trial sites do not end up participating in the Registration Enabling Clinical Trial for RX-3117 for the Lead Indication.

1.37 " **Disclosing Party**" has the meaning assigned to such term in Section 8.1.

1.38 " **Dollars**" or " **$**" means the legal tender of the U.S.

1.39 " **Effective Date**" has the meaning assigned to such term in the first paragraph of this Agreement.

1.40 "**Exclusive License**" has the meaning assigned to such term in Section 4.2.2.

1.41 " **Executive Officers**" has the meaning assigned to such term in Section 3.1.4.

1.42 "**Expanded License**" has the meaning assigned to such term in Section 4.4.2.

1.43 "**FCPA**" shall mean the U.S. Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq, as amended.

1.44 " **FDA**" means the U.S. Food and Drug Administration, or any successor entity thereto.

1.45 " **First Commercial Sale**" means, with respect to any Licensed Product, the first sale for which revenue has been recognized by Biosense or its Affiliate or Sublicensee for use or consumption by the general public of such Licensed Product in any country in the Territory after all required Regulatory Approvals have been granted in such country.

1.46 "**Force Majeure**" has the meaning assigned to such term in Section 13.6.

1.47 "**Generic Competition**" with respect to a Licensed Product, on a country-by-country and region-by-region basis, shall exist if [***]. For clarity, a Generic Product marketed or sold by or on behalf of Biosense or its Affiliates or Sublicensees shall not qualify as a Generic Product for purposes of determining whether Generic Competition exists.

1.48 "**Generic Product**" means a product approved in the U.S. under an Abbreviated New Drug Application, or ANDA, or any non-U.S. equivalent filing, with the Licensed Product as the reference product, that is "therapeutically equivalent" as evidenced by the assignment of an 'A' level therapeutic equivalence rating by the FDA, or any non-U.S. equivalent rating, such that the product is therapeutically equivalent to the Licensed Product, or otherwise is generally substitutable by the pharmacist for the Licensed Product when filling a prescription written for the Licensed Product without having to seek authorization to do so from the physician writing such prescription.

1.49 "**GLP**" means current Good Laboratory Practices as defined in Part 58 of Title 21 of the U.S. Code of Federal Regulations, as may be amended from time to time, or any successor thereto and foreign equivalents thereof, including, where referring to activities in China, such practices as may be otherwise required by the SAMR, including under the Quality Administrative Standard for Drug Manufacturing as well as any requirements issued pursuant to the Regulation of Drug Manufacturing Administrative Procedures issued by the SAMR (as applicable).

1.50 " **GMP**" means current Good Manufacturing Practices as defined in Parts 210 and 211 of Title 21 of the U.S. Code of Federal Regulations, as may be amended from time to time, or any successor thereto and foreign equivalents thereof, including, where referring to activities in China, the Guidelines on Good Manufacturing Practices specific to Advanced Therapy Medicinal Products, or such practices as may be as otherwise required by the SAMR, including under the Quality Administrative Standard for Drug Manufacturing as well as any requirements issued pursuant to the Regulation of Drug Manufacturing Administrative Procedures issued by the SAMR.

1.51 "**Government Authority**" means any one or more transnational, domestic or foreign federal, state or local, governmental authority, department, court, agency or official, including any political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled by any of the foregoing.

1.52 "**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

1.53 "**Improvements**" means any discovery, development, update, enhancement, modification, adaptation, variation or revision, whether patentable or not.

1.54 " **IND**" means any investigational new drug application filed with the FDA pursuant to Part 312 of Title 21 of the U.S. Code of Federal Regulations prior to beginning clinical trials in humans in the United States or any comparable application filed with any Regulatory Authority outside of the United States.

1.55 " **Indemnitee**" has the meaning assigned to such term in Section 11.3.

1.56 "**Indirect Costs**" means overall costs actually incurred by Rexahn and its Affiliates to support the conduct of the global Registration Enabling Clinical Trial for RX-3117 for the Lead Indication that are not included within Direct Costs, including (a) data management and storage, electronic data capture systems, statistical analyses and reporting, (b) internal scientific, medical, technical or commercial personnel of Rexahn and its Affiliates (including personnel and travel expenses), (c) fees and other amounts paid to Third Party service providers in support of such Registration Enabling Clinical Trial, and (d) other out-of-pocket expenses.

1.57 "**Infringement**" has the meaning assigned to such term in Section 7.3.1.

1.58 "**Initial Study**" means a Phase 2 Clinical Trial of RX-3117 for the treatment of the Initial Study Indications to be conducted by or on behalf of Biosense and its Affiliates in China, as further described in the Development Plan.

1.59 "**Initial Study Indications**" has the meaning set forth in Section 2.3.1.

1.60 "**Interest Negotiation Period**" has the meaning assigned to such term in Section 4.4.3(c).

1.61 "**Interest Notice**" has the meaning assigned to such term in Section 4.4.3(a).

1.62 " **Joint Steering Committee**" or " **JSC**" has the meaning assigned to such term in Section 3.1.

1.63 " **Know-How**" means all tangible and intangible: (a) information, techniques, technology, practices, trade secrets, inventions (whether patentable or not), methods, knowledge, know-how, skill, experience, data, results (including assay development, compound screening, chemical, pharmacological, toxicological and clinical data and results), analytical and quality control data, results or descriptions, software and algorithms, reports and study reports; and (b) compositions of matter, cells, cell lines, assays, animal models and physical, biological or chemical material.

1.64 "**Lead Indication**" has the meaning assigned to it in recitals.

1.65 "**Lead Indication Collaboration**" has the meaning set forth in Section 4.4.1(c).

1.66 "**Lead Indication Notice**" has the meaning set forth in Section 4.4.1(a).

1.67 "**License Fee**" has the meaning assigned to such term in Section 6.1.

1.68 "**License Term**" has the meaning assigned to it in Section 4.2.2.

1.69 "**Licensed Field**" means the prevention or treatment of the Lead Indication in humans.

1.70 "**Licensed IP**" means the Rexahn Background IP, any New IP owned solely or jointly by Rexahn or its Affiliates and any Improvements to the Rexahn Background IP Controlled by Rexahn or its Affiliates, in each case that are necessary for making, selling or using Licensed Product in the Licensed Field in the Territory.

1.71 "**Licensed Product**" means any pharmaceutical product containing RX-3117 as a single agent.

1.72 " **Losses**" has the meaning assigned to such term in Section 11.1.

1.73 "**Macau**" means the Macau Special Administrative Region of the People's Republic of China.

1.74 "**Manufacturing Cost**" means a supplier's reasonable and necessary internal and Third Party costs incurred in manufacturing or acquisition of product or a component thereof, determined in accordance with such supplier's standard cost accounting policies that are in accordance with Applicable Accounting Standards and consistently applied across such supplier's manufacturing network to other products that such supplier manufactures or acquires and shall not include inter-company profits among such supplier and its Affiliates.

1.75 "**NDA**" means a New Drug Application filed with the FDA to obtain approval for commercial sale or use of a Licensed Product as a pharmaceutical or medicinal product in any formulation or dosage form (excluding any pricing and reimbursement approvals) or any comparable application filed with any Regulatory Authority outside of the United States.

1.76 "**Net Sales**" means, with respect to any Licensed Product, the gross invoiced sales price of such Licensed Product sold by Biosense, its Affiliates or Sublicensees (the " **Selling Party**")[***] less [***].

1.77 " **New IP**" means Patents and Know-How developed, conceived or generated pursuant to the Collaboration after the Effective Date, by or on behalf of either Party or its Affiliates, or by or on behalf of both Parties or their Affiliates jointly.

1.78 "**Non-breaching Party**" has the meaning assigned to such term in Section 12.2.1.

1.79 "**Notice of Exercise**" has the meaning assigned to such term in Section 4.4.2(a)(ii).

1.80 " **Option Field**" means oncology.

1.81 "**Option Negotiation Period**" has the meaning assigned to such term in Section 4.4.2(a)(iii).

1.82 "**Option Notice**" has the meaning assigned to such term in Section 4.4.2(a)(i).

1.83 " **Party**" or " **Parties**" has the meaning assigned to such term in the first paragraph of this Agreement.

1.84 " **Patent**" means (a) all patents and patent applications in any country or supranational jurisdiction in the Territory, and (b) any substitutions, divisions, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications.

1.85 "**Payment Date**" has the meaning assigned to such term in Section 6.1.

1.86 "**Payment Due Date**" has the meaning assigned to such term in Section 6.1.

1.87 " **Person**" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organization, governmental authority or agency, or any other entity not specifically listed herein.

1.88 "**Pharmacovigilance Agreement**" has the meaning assigned to such term in Section 2.10.

1.89 " **Phase 1 Clinical Trial**" means a human clinical trial of a compound or product, the principal purpose of which is a determination of safety over a range of doses, as more fully defined in 21 C.F.R. §312.21(a), or its successor regulation, or the equivalent in any foreign country or region.

1.90 " **Phase 2 Clinical Trial**" means a human clinical trial of a compound or product for an indication, the principal purpose of which is a determination of safety and efficacy for such indication in a target patient population over a range of doses, as more fully defined in 21 C.F.R. §312.21(b), or its successor regulation, or the equivalent in any foreign country or region.

1.91 " **Phase 3 Clinical Trial**" means a human clinical trial of a compound or product for an indication on a sufficient number of subjects that is designed to establish that the compound or product is safe and efficacious for its intended use, and to determine warnings, precautions, and adverse reactions that are associated with the compound or product in the dosage range to be prescribed, and to support Regulatory Approval of the compound or product for such indication, as more fully defined in 21 C.F.R. §312.21(c), or its successor regulation, or the equivalent in any foreign country or region.

1.92 "**Protocol**" means a protocol for a Clinical Trial that is mutually prepared and agreed to by the Parties and is submitted to a Regulatory Authority for review and, as applicable, approval or clearance.

1.93 "**Receiving Party**" has the meaning assigned to such term in Section 8.1 .

1.94 "**Registration Enabling Clinical Trial**" means (a) a human clinical trial of a product that would satisfy the requirements of U.S. 21 C.F.R. Part 312.21(c), as amended, and is intended to (i) establish that the product is safe and efficacious for its intended use, (ii) define contraindications, warnings, precautions and adverse reactions that are associated with the product in the dosage range to be prescribed, and (iii) support Regulatory Approval for such product without the need to conduct additional clinical trials, or (b) a similar clinical study prescribed by the relevant Regulatory Authorities in a country or region other than the United States.

1.95 "**Regulatory Approval**" means all approvals, licenses, permits, registrations, record filings, qualifications, or authorizations of any Government Authority (including any Regulatory Authority) that are necessary for the manufacture, use, storage, import, transport and/or sale of a particular Licensed Product in the applicable country or region, but not including approvals related to pricing or reimbursement.

1.96 " **Regulatory Authority**" means the FDA, and any health regulatory authority in any country or region in the Territory that is a counterpart to the FDA and holds responsibility for granting regulatory marketing approval for a Licensed Product in such country or region, and any successor(s) thereto.

1.97 "**Reimbursement Rate**" means [***].

1.98 "**Relevant Indication**" has the meaning set forth in Section 12.5.

1.99 "**Reports**" has the meaning assigned to such term in Section 2.12.2.

1.100 "**Representatives**" has the meaning assigned to such term in Section 8.1 .

1.101 "**Research Records**" has the meaning assigned to such term in Section 2.12.1.

1.102 "**Response Notice**" has the meaning assigned to such term in Section 4.4.3(b).

1.103 "**Rexahn**" has the meaning assigned to such term in the first paragraph of this Agreement.

1.104 " **Rexahn Background IP**" means, collectively, the Rexahn Patents, the Rexahn Know-How and the Rexahn Materials, in each case, existing as of the Effective Date.

1.105 "**Rexahn Know-How**" means any Know-How that is Controlled by Rexahn or its Affiliates whether prior to the Effective Date or after the Effective Date during the Term, to the extent relating to RX-3117 or the Licensed Products, or that is discovered, invented or created solely by or on behalf of Rexahn as a result of the performance of its obligations under this Agreement to the extent used in connection with RX-3117 or the Licensed Products.

1.106 "**Rexahn License**" has the meaning assigned to such term in Section 4.4.4.

1.107 "**Rexahn Materials**" means (a) any materials that are Controlled by Rexahn or its Affiliates that Biosense cannot obtain from a Third Party for commercial use, and (b) any other materials that are provided by Rexahn to Biosense pursuant to this Agreement (including any tangible embodiments of the Rexahn Know-How and any materials that are made, conceived, reduced to practice or otherwise developed by or on behalf of Rexahn pursuant to the Development Plan), in each case to the extent solely relating to RX-3117 or the Licensed Products.

1.108 "**Rexahn Option**" has the meaning assigned to such term in Section 4.4.4.

1.109 " **Rexahn Patents**" means any Patents that are Controlled by Rexahn or its Affiliates whether prior to the Effective Date or after the Effective Date during the Term, that claim or cover the making, having made, using, selling, offering for sale or importation of RX-3117 or the Licensed Products .

1.110 "**Royalty Term**" has the meaning assigned to such term in Section 6.5.2.

1.111 "**RX-3117**" means [***].

1.112 "**Safety Issue**" means, with respect to RX-3117, (a) a Regulatory Authority or safety data review board for a clinical trial of RX-3117 has required (i) termination or suspension of all clinical trials of RX-3117 in (1) the U.S. , or (2) the United Kingdom, Germany, France, Italy and Spain (or EU centralized) (in each case, on a basis that is not limited to such country), or (ii) the withdrawal of a Regulatory Approval of RX-3117 or a Licensed Product in (1) the U.S., or (2) the United Kingdom, Germany, France, Italy and Spain (or EU centralized) (in each case , on a basis that is not limited to such country), or (b) a Party reasonably determines in good faith that the medical risk/benefit balance of RX-3117 is so unfavorable that it would be incompatible with the welfare of patients to develop or commercialize (or to continue to develop or commercialize) RX-3117.

1.113 "**SAMR**" means the State Administration of Market Regulation or its competent local branches, the Administrations of Market Regulation, as the context may require.

1.114 "**Subcontractor**" means a Third Party that a Party has engaged to perform services in connection with such Party fulfilling its obligations and exercising its rights under and pursuant to this Agreement.

1.115 " **Sublicensee**" means, with respect to a particular Licensed Product, a Third Party to whom Biosense or Rexahn, as applicable, has granted a sublicense or license under the Rexahn Background IP, Licensed IP, New IP and Improvements thereto, as the case may be.

1.116 "**Technical Assistance**" has the meaning assigned to such term in Section 5.4.2.

1.117 "**Technology Transfer**" has the meaning assigned to such term in Section 5.4.2.

1.118 " **Term**" has the meaning assigned to such term in Section 12.1.

1.119 " **Territory**" means the Republic of Singapore, China, Hong Kong, Macau and Taiwan.

1.120 " **Third Party**" means any Person other than Rexahn or Biosense or an Affiliate of Rexahn or Biosense.

1.121 " **United States**" or "**U.S.**" means the United States of America, including its territories and possessions.

1.122 " **Valid Claim**" means (a) an issued claim within a Patent included in the Licensed IP, in each case that has not expired or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction or (b) a claim within a patent application included in the Licensed IP that has not been revoked, cancelled, withdrawn, held invalid, abandoned or otherwise expressly disclaimed during prosecution and that has not been pending for more than [***] years from its first priority filing date (each an **"Invalidating Event"**). A claim shall cease to be a Valid Claim, and shall thereafter be disregarded for the purposes of calculation of royalties immediately upon occurrence of an Invalidating Event; provided, that it shall resume its status as a Valid Claim beginning immediately upon the reversal of any such Invalidating Event.

ARTICLE 2.
DEVELOPMENT COLLABORATION

2.1 Overview. Subject to this ARTICLE 2, the Parties desire to collaborate to conduct certain development activities with respect to RX-3117 in the Territory (the "**Collaboration**") . As of the Effective Date, the scope of the Collaboration is limited to the Initial Study but may be expanded in accordance with Section 4.4.

2.2 Collaboration Period. The term of the Collaboration shall commence on the Effective Date and, unless terminated earlier under ARTICLE 12, shall expire upon the completion of all development activities under the Development Plan (the "**Collaboration Period**").

2.3 Development Plan.

2.3.1 Initial Development Plan. Within [***] months of the Effective Date, the Parties shall agree to the terms of an initial development plan that outlines the activities to be conducted by Biosense with respect to the Initial Study, including the Protocol for the Initial Study, and any support and assistance to be provided by Rexahn with respect thereof (as such development plan may be updated in accordance with Section 2.3.2, the "**Development Plan**") . The initial Development Plan shall also specify up to three (3) Additional Indications that will be the subject of the Initial Study (such specified Additional Indications, the "**Initial Study Indications**"). The Development Plan shall be updated on an annual basis and amended from time to time in accordance with Section 2.3.2. Without limiting the foregoing or the matters set forth in the Development Plan, it is the intent of the Parties that Rexahn will have sole responsibility for the activities related to preclinical and clinical development of RX-3117 outside the Territory for all indications, and Biosense will have sole responsibility, in collaboration with Rexahn, for (a) conducting the Initial Study, and (b) preclinical and clinical development of RX-3117 in the Territory in the Licensed Field. For the sake of clarity, costs related to the Collaboration are covered in Section 2.7 below.

2.3.2 *Development Plan Updates and Amendments*. At least [***] calendar days before each anniversary of the Effective Date, the Parties shall cooperate in good faith to submit an updated version of the Development Plan in writing to the JSC . Additionally, if the Parties agree to engage in the Lead Indication Collaboration or collaborate on the development of RX-3117 for one or more Additional Indications in accordance with Section 4.4, the Parties shall cooperate in good faith to submit an updated version of the Development Plan in writing to the JSC . The JSC shall review and approve the updated Development Plan in accordance with ARTICLE 3. At any time during the Collaboration Period, either Party may submit proposed amendments to the Development Plan in writing to the JSC for review and approval.

2.4 Diligence Obligations.

2.4.1 *Rexahn Activities* . Rexahn shall use Commercially Reasonable Efforts to (a) either by itself or in collaboration with its Affiliates or Third Parties and, where applicable, pursuant to the Development Plan, perform its obligations under the Collaboration, and (b) collaborate with Biosense in connection with Biosense's performance of Biosense's obligations under the Collaboration.

2.4.2 *Biosense Activities* . Biosense shall use Commercially Reasonable Efforts to (a) either by itself or in collaboration with its Affiliates or Third Parties and, where applicable, pursuant to the Development Plan, perform its obligations under the Collaboration, and (b) collaborate with Rexahn in connection with Rexahn's performance of Rexahn's obligations under the Collaboration.

2.5 Mutual Grant of Rights.

2.5.1 *By Biosense* . Biosense hereby grants to Rexahn the non-exclusive right and license, with the right to grant sublicenses (including through multiple tiers of Sublicensees), under any New IP owned solely or jointly by Biosense or its Affiliates and any Improvements to the Rexahn Background IP owned solely or jointly by Biosense or its Affiliates, in each case solely to the extent necessary for Rexahn to fulfill its obligations under the Collaboration as provided for in this Agreement.

2.5.2 *By Rexahn* . Rexahn hereby grants to Biosense the non-exclusive right and license, with the right to grant sublicenses (including through multiple tiers of Sublicensees), under any New IP owned solely or jointly by Rexahn or its Affiliates and any Improvements to the Rexahn Background IP owned solely or jointly by Rexahn or its Affiliates, in each case solely to the extent necessary for Biosense to fulfill its obligations under the Collaboration as provided for in this Agreement.

2.6 RX-3117 Clinical Supply. Following receipt of an IND from a Regulatory Authority in China to conduct the Initial Study, Rexahn will provide to Biosense a sufficient supply of RX-3117 necessary to enable Biosense to conduct the Initial Study under the terms and conditions of a quality agreement to be entered into prior to the start of clinical development activities in China by Biosense . Rexahn shall provide such supply of RX-3117 at Rexahn's sole cost and expense for the number of subjects to be enrolled in the Initial Study as described in the Protocol for the Initial Study that has been agreed by the Parties, and Biosense shall reimburse Rexahn [***] for any additional supply of RX-3117 necessary to enable Biosense to conduct the Initial Study . If the Development Plan is amended to include additional development activities in the Territory other than the Initial Study, then Rexahn will provide to Biosense a sufficient supply of RX-3117 necessary to enable Biosense to conduct such activities and Biosense shall reimburse Rexahn [***] for such supply . The Development Plan shall include a mutually agreed forecast for the quantities of RX-3117 to be provided by Rexahn hereunder.

2.7 Costs of Development.

2.7.1 *Initial Study*. Biosense shall be responsible for, or reimburse Rexahn for, as applicable, all costs of conducting the Initial Study other than the costs and expenses associated with the supply of RX-3117, which costs and expenses shall be allocated between the Parties in accordance with Section 2.6.

2.7.2 *Additional Development Activities*. If the Development Plan is amended to include additional development activities in the Territory other than the Initial Study, the Parties shall agree in writing on the allocation of costs and expenses with respect thereto. For clarity, neither Party shall be obligated to perform additional activities under an amended Development Plan unless and until the Parties have agreed in writing on the allocation of such costs and expenses. Notwithstanding the foregoing, Section 4.4.1 sets forth the Parties' agreement on the allocation of costs and expenses with respect to a global Registration Enabling Clinical Trial for RX-3117 for the Lead Indication and no further written agreement with respect thereto shall be required.

2.7.3 *Reimbursement for Collaboration Expenses*. Except as otherwise specified in this Agreement, with respect to costs for which Biosense is responsible under this Section 2.7, Rexahn will submit to Biosense no later than [***] days after the end of each Calendar Quarter an invoice setting forth the costs incurred by Rexahn during such preceding Calendar Quarter. Biosense will reimburse Rexahn for such costs within [***] days of its receipt of such invoice in accordance with the payment methods set forth in Section 6.7.

2.8 Standard; Efforts; Compliance.

2.8.1 *Development Plan*. During the Collaboration Period, each Party shall use Commercially Reasonable Efforts to expeditiously conduct its respective activities under the Development Plan.

2.8.2 *Compliance*. Each Party shall ensure that their respective employees conduct their respective Collaboration activities:

(a) in accordance with this Agreement and the Development Plan;

(b) in accordance with those policies, standards, procedures, conventions and techniques generally recognized in the pharmaceutical industry as the acceptable professional standard, including generally acceptable standards of quality for work performed in the scientific community, including, where necessary to comply with such standards, by dating laboratory records and including in such records sufficient detail to permit another employee working to such standards to reproduce the work described;

(c) in accordance with appropriate biosafety and containment conditions;

(d) in compliance with Applicable Laws on animal care;

(e) in compliance with the guidelines established from time to time by any competent ethical review committee for experimentation with animals and, if applicable, human subjects and biological materials or, if there is no such committee, in accordance with the approval of an established ethical review committee of a Third Party institution reasonably acceptable to both Parties; and

(f) in accordance with all Applicable Laws and, to the extent applicable, all other requirements of GMP, GLP and current good clinical practice, as may be amended from time to time.

2.8.3 *Data Integrity*. Each of the Parties acknowledges the importance of ensuring that the activities conducted under the Development Plan are undertaken in accordance with the following good data management practices, and shall use Commercially Reasonable Efforts to ensure the following:

(a) data are being generated using sound scientific techniques and processes;

(b) data are being accurately and reasonably contemporaneously recorded in accordance with good scientific practices by personnel conducting research or development hereunder;

(c) data are being analyzed appropriately without bias in accordance with good scientific practices; and

(d) data and results are being stored securely and can be easily retrieved.

2.9 Filing and Ownership of Regulatory Filings. Rexahn shall have the sole right to prepare, own and maintain all regulatory filings made with Regulatory Authorities outside the Territory in connection with RX-3117, including all INDs and any foreign equivalents thereto not filed in China or other countries or regions within the Territory . Biosense shall have the sole right to prepare, own and maintain all regulatory filings made with Regulatory Authorities in the Territory in connection with (a) the Initial Study, (b) RX-3117 for the Lead Indication, and (c) RX-3117 for any Additional Indication(s) that is the subject of an Expanded License, including all INDs and any foreign equivalents thereto filed in China or other countries within the Territory. As reasonably requested by either Party from time to time during the Collaboration Period, the other Party shall promptly provide assistance to the requesting Party with its filings and other interactions with Regulatory Authorities.

2.10 Safety Data Exchange Agreement. Within [***] days of the Effective Date, but in any event prior to commencement of any clinical trials with RX-3117 in the Territory, the Parties will in good faith negotiate and finalize a separate safety data exchange agreement (the "**Pharmacovigilance Agreement**"), the terms of which shall set forth the obligations, procedures and timelines for exchanging information (such as the occurrence of adverse events and serious adverse events) observed in connection with RX-3117 in order to enable each Party to comply with its safety reporting obligations to Regulatory Authorities in its respective territory . Prior to the execution of the Pharmacovigilance Agreement, each Party shall promptly notify the other Party of any information observed in connection with RX-3117 necessary to enable such Party to comply with its safety reporting obligations to Regulatory Authorities in its respective territory . Rexahn shall maintain the global safety database for RX-3117 and the Licensed Product, which shall include adverse events and other information relating to the safety of RX-3117 and the Licensed Product . Upon reasonable advanced request by Biosense, Rexahn shall make the data maintained in the global safety database accessible and available to Biosense in the form in which such data is then-currently maintained by Rexahn.

2.11 Subcontracting. Subject to the terms of this Agreement, each Party shall have the right to engage Affiliates or Subcontractors to perform certain of its obligations under the Development Plan during the Collaboration Period consistent with the Development Plan and the terms of this Agreement and shall provide to the other Party, upon reasonable request, with a list of any such Affiliates or Subcontractors actually engaged by such Party and a description of the relevant obligations being performed by such Affiliate or Subcontractor. Any Affiliate or Subcontractor to be engaged by a Party to perform a Party's obligations set forth in this Agreement must hold all of the Regulatory Approvals required under Applicable Laws in the jurisdiction in question for the performance of the subcontracted activity and, where Regulatory Approval is required for subcontracting under Applicable Laws in the jurisdiction in question, then the Affiliate or Subcontractor must obtain Regulatory Approval from the competent Regulatory Authority before engaging in the subcontracted activity. Notwithstanding the preceding, any Party engaging an Affiliate or Subcontractor shall remain principally responsible and obligated for such activities. In addition, any Party engaging a Subcontractor shall in all cases retain or obtain Control of any and all intellectual property created by or used with the relevant Party's permission by such Subcontractor directly related to such subcontracted activity.

2.12 Records, Reports and Audits.

2.12.1 *Research Records*. Each Party shall use Commercially Reasonable Efforts to ensure that all its employees, agents and consultants involved in the scientific aspects of the Collaboration prepare and maintain appropriate records of their work on the Collaboration ("**Research Records**"). All entries in laboratory notebooks shall be dated and shall include sufficient detail to permit another individual to reproduce the work. Research Records containing interpretations of data shall also include the rough data on which the interpretations have been built. Research Records shall be prepared and maintained in English. Subject to establishing appropriate procedures for ensuring confidentiality of non-Collaboration related information, each Party shall make its Research Records containing information related to the Collaboration available to the other Party upon reasonable request.

2.12.2 *Collaboration Reports*. For every Calendar Quarter during the Collaboration Period beginning with the Calendar Quarter after the Effective Date, each Party shall provide to the other Party a report in English setting forth the material results of the Collaboration obtained during such Calendar Quarter by such Party (the "**Reports**"). Such Reports shall be dated and signed by such Party's principal researcher . It is understood and agreed that during such time when the Development Plan is limited to the Initial Study, Rexahn shall not be required to provide Reports to Biosense . In addition, the obligation to deliver Reports under this Section 2.12.2 shall also include the following: (a) if the Collaboration was terminated due to termination of the Agreement by Biosense for cause in accordance with Section 12.2, then within [***] days after the effective date of termination, Rexahn shall send to Biosense a final Report setting forth all of the material results of the Collaboration obtained by Rexahn since the delivery of the last Report and such other information reasonably requested by Biosense; and (b) if the Collaboration was terminated due to termination of the Agreement by Rexahn for cause in accordance with Section 12.2, then within [***] days after the effective date of termination, Biosense shall send to Rexahn a final Report setting forth all of the material results of the Collaboration obtained by Biosense since the delivery of the last Report and such other information reasonably requested by Rexahn. The Reports shall include, inter alia, a full description of the New IP generated during the period of such Report, if any. Each Party undertakes to treat all information, including but not limited to New IP, disclosed to it under this Section 2.12.2 as Confidential Information in accordance with the provisions of ARTICLE 8. Additionally, each Party shall promptly (and in any event within [***] days of completion) deliver to the other Party a copy of any clinical trial reports arising from the conduct of a clinical trial in such Party's respective territory that is the subject of the Development Plan.

2.12.3 *Audit*. Upon advance notice of [***] calendar days, each Party shall permit the other Party's representatives to enter the Party's facilities during regular business hours for the purpose of making quality control inspections of the Party's facilities in which the Collaboration activities are being or have been conducted. The inspection shall be limited to the activities related to the Collaboration and shall not exceed [***] Business Days. The auditing Party shall cause its representatives to follow the audited Party's security and facility access procedures. The audited Party may require that at all times the auditing Party's representatives be accompanied by an audited Party's representative and that the auditing Party's representatives not enter some areas of the audited Party's facilities that are not used in or related to the Collaboration to assure protection of the audited Party's or Third Party confidential information. During such an audit and upon request of the auditing Party, the auditing Party's representatives shall be given access to any document or information system containing documents or materials reasonably relating to the Collaboration, including but not limited to any Research Records containing information related to the Collaboration . All records made available for audit shall be deemed to be the Confidential Information of the audited Party, except as may be used as evidence of breach of this Agreement . The full cost of such audit shall be borne by the auditing Party.

2.13 Collaboration Intellectual Property (New IP) Ownership. Inventorship of New IP shall be determined in accordance with Applicable Laws and such principles of inventorship shall be used to determine whether a Party solely, or the Parties jointly, discovered, invented or created any Patents or Know-How arising as a result of the performance of their obligations under this Agreement. With regard to New IP, each Party shall own all right, title, and interest in and to any New IP invented or developed solely by its own employees, agents, or independent contractors in the course of conducting its activities under the Collaboration. Biosense and Rexahn will jointly own any and all New IP invented by employees, agents, or independent contractors from both Parties; provided, that if Applicable Law provides that only one Party can own New IP, the non-owning Party grants to the owning Party a non-exclusive, royalty-free, worldwide license, subject to the terms of this Agreement, to such New IP. In order to document the contribution of each Party in case New IP is generated during the Collaboration, each Party shall promptly notify the Alliance Manager for the other Party of any patentable invention made by it or on its behalf as a result of the performance of obligations under the Collaboration, and shall provide to such Alliance Manager any invention disclosure submitted in the normal course of its business which discloses any such invention, and shall present its opinion on whether such New IP should be jointly or solely owned by either Party and provide adequate grounds for such proposed classification. It shall be conclusive evidence that New IP was jointly discovered if any invention disclosure or Patent identifies employees from both Parties as inventors. Any decision on whether or not to file a Patent application covering New IP shall be discussed at the JSC . Rexahn or Biosense, as the case may be, shall obtain from its employees, agents or independent contractors an assignment of their rights in any New IP if such assignment is not already stated in their engagement contract.

ARTICLE 3.
GOVERNANCE

3.1 Joint Steering Committee. Promptly and in any event within [***] calendar days after the Effective Date, the Parties shall establish a committee (the " **Joint Steering Committee**" or "**JSC**") as more fully described in this Section 3.1. The JSC shall have review and oversight responsibilities for all activities to be performed under the Development Plan. The JSC shall cease to meet and its role under this Agreement shall end upon the earlier of (a) the mutual agreement of the Parties, and (b) such time as no development activities in respect of RX-3117 have been conducted by or on behalf of Biosense in the Territory for [***] consecutive months.

3.1.1 *Membership*. The JSC shall be comprised of a total of six (6) members, comprised of three (3) senior representatives (or such other number of senior representatives as the Parties may agree) from each of Biosense and Rexahn. Each Party may replace any or all of its representatives on the JSC at any time upon written notice to the other Party in accordance with Section 13.7 of this Agreement. Any member of the JSC may designate a substitute to attend and perform the functions of that member at any meeting of the JSC. Each representative of each Party shall have expertise (either individually or collectively) in pharmaceutical drug discovery and development. Each Party may, in its reasonable discretion, invite non-member representatives of such Party to attend meetings of the JSC as a non-voting participant, subject to the confidentiality obligations of ARTICLE 8. A representative of Rexahn shall be designated as the chairperson to oversee the operation of the JSC.

3.1.2 *Meetings*. During the Collaboration Period, the JSC shall meet at least once each Calendar Quarter and in person at least once each Calendar Year, and more or less frequently as the Parties mutually deem appropriate, on such dates, and at such places and times, as provided herein or as the Parties shall agree. The members of the JSC also may convene or be polled or consulted from time to time by means of telecommunications, video conferences, electronic mail or correspondence, as deemed necessary or appropriate by the JSC. Meetings of the JSC that are held in person shall alternate between the offices of the Parties or take place in New York, New York, USA or such other place as the Parties may agree. Each Party shall bear all expenses it incurs in regard to participating in all meetings of the JSC, including all travel expenses.

3.1.3 *Minutes*. The Alliance Managers shall be responsible for preparing and circulating minutes of each meeting of the JSC, setting forth, *inter alia*, a summary description of the discussions at the meeting and a list of any actions, decisions or determinations approved by the JSC and a list of any issues to be resolved by the Executive Officers pursuant to Section 3.1.4. Such minutes shall be effective only after approved by both Parties. With the sole exception of specific items of the meeting minutes to which the members cannot agree and which are escalated to the Executive Officers as provided in Section 3.1.4 below, definitive minutes of all JSC meetings shall be finalized no later than [***] calendar days after the meeting to which the minutes pertain. If at any time during the preparation and finalization of the JSC minutes, the Parties do not agree on any issue with respect to the minutes, such issue shall be resolved by the escalation process as provided in Section 3.1.4. The decision resulting from the escalation process shall be recorded by the Alliance Managers in amended finalized minutes for said meeting.

3.1.4 *Decisions* . Except as otherwise provided herein, all decisions of the JSC shall be made by consensus. If the JSC is unable to reach a consensus decision within [***] calendar days after it has met and attempted to reach such decision, then [***].

3.1.5 *Responsibilities*. Subject to the provisions of Section 3.1.4 above, the JSC shall perform the following functions, some or all of which may be addressed directly at each meeting of the JSC:

(a) monitor progress of activities under the Collaboration ;

(b) review and approve amendments to the Development Plan and the Protocols for any Clinical Trials to be conducted thereunder;

(c) provide a forum for the Parties to keep each other informed with respect to their material activities under the Collaboration;

(d) provide a forum for Rexahn to keep Biosense informed of its material development activities with respect to RX-3117 in the Option Field outside of the Territory; provided, that the JSC shall have no decision-making authority with respect to any such development activities;

(e) discuss and attempt to resolve any deadlocked issues arising at the JSC in accordance with the procedures established in Section 3.1.4;

(f) resolve disputes escalated to it by a subcommittee, if any such subcommittee exists;

(g) discuss strategy for the preparation, filing, prosecution and maintenance of the jointly owned Patents; and

(h) such other responsibilities as may be assigned to the JSC pursuant to this Agreement or as may be mutually agreed by the Parties from time to time.

3.1.6 *Subcommittee(s)*. From time to time, the JSC may establish subcommittees to oversee particular projects or activities within the scope of its authority, as it deems necessary or advisable. Each subcommittee shall consist of such number of members with such expertise as the JSC determines is appropriate from time to time.

3.2 Alliance Managers. Within [***] calendar days after the Effective Date, each Party shall appoint an individual to act as alliance manager for such Party (each, an "**Alliance Manager**"). Each Alliance Manager shall be permitted to attend meetings of the JSC and each subcommittee thereof, if any, as a non-voting observer, subject to the confidentiality provisions of ARTICLE 8. The Alliance Managers shall be the primary point of contact for the Parties regarding the Collaboration and shall facilitate all activities undertaken under the Collaboration. The Alliance Managers shall also be responsible for assisting the JSC in performing its oversight responsibilities with respect to the activities of any subcommittee and preparing and finalizing the minutes from meetings of the JSC and any subcommittee. The name and contact information for the Alliance Managers, as well as any replacement(s) chosen by each Party, in their sole discretion, from time to time, shall be promptly provided to the other Party in accordance with Section 13.7 below.

3.3 No Authority to Amend. Notwithstanding any provision of this ARTICLE 3 to the contrary, none of the JSC or any other subcommittee of the JSC shall have any authority or power to amend or modify the terms or provisions of this Agreement.

ARTICLE 4.
GRANT OF RIGHTS

4.1 Exclusivity. During the Term, Rexahn shall not be allowed to develop or commercialize, either by itself or through a Third Party, a Licensed Product in the Option Field in the Territory other than under the Collaboration or except as permitted under Section 4.6.

4.2 Licenses to Biosense.

4.2.1 *Non-Exclusive License*. Subject to the terms and conditions of this Agreement, beginning on the Effective Date, Rexahn hereby grants to Biosense the non-exclusive right and license under the Licensed IP to perform its obligations under the Collaboration.

4.2.2 *Exclusive License*. Subject to the terms and conditions of this Agreement, in partial consideration for the payments set forth herein, beginning on the Payment Date and continuing during the Term (the "**License Term**"), Rexahn hereby grants to Biosense the exclusive (even as to Rexahn, subject toSection 4.6) right and license, with the right to grant sublicenses (subject to Section 4.3), under the Licensed IP to develop, make, have made, use, import, market, distribute, offer for sale, sell, have sold and otherwise dispose of the Licensed Product in the Licensed Field in the Territory (the "**Exclusive License**") .

4.3 Sublicenses. Biosense shall have the right to grant sublicenses under the Exclusive License to its Affiliates, Subcontractors and other Third Parties, provided, that Rexahn provides its prior written consent to such sublicense, such consent not to be unreasonably withheld, conditioned or delayed, except that a sublicense to an Affiliate shall not require Rexahn's consent only for so long as such Affiliate remains an Affiliate of Biosense . Each sublicense agreement shall be consistent with, and shall be subject to, the terms and conditions of this Agreement, and Biosense shall remain responsible for the performance of its obligations under this Agreement, regardless of whether Biosense may have delegated those obligations to its Sublicensees . Without limitation of the requirement to obtain Rexahn's prior written consent as set forth above, Biosense shall, within [***] days after granting any sublicense, notify Rexahn of the grant of such sublicense and provide Rexahn with a copy of such sublicense and, if such sublicense is not in English, an English translation thereof certified as true and accurate by a Third Party translation firm reasonably acceptable to Rexahn.

4.4 Additional Collaboration Activities; Additional Indications.

4.4.1 *Collaboration for Lead Indication (Pancreatic Cancer).*

(a) If at any time during the License Term after completion of the ongoing Phase 2 Clinical Trial of RX-3117 in combination with Abraxane® for Injectable Suspension (paclitaxel protein-bound particles for injectable suspension) (albumin-bound) for the Lead Indication, Rexahn desires to move forward with a global Registration Enabling Clinical Trial for RX-3117 for the Lead Indication, then Rexahn shall provide Biosense with written notice thereof (the "**Lead Indication Notice**").

(b) Biosense shall have the right to include clinical trial sites in China in such global Registration Enabling Clinical Trial by delivery to Rexahn of written notice within [***] days after the date it receives the Lead Indication Notice. Rexahn shall promptly provide to Biosense any information in its control and possession relating to the development of RX-3117 for the Lead Indication reasonably requested by Biosense to enable Biosense to determine whether to exercise its right under this Section 4.4.1(b).

(c) If Biosense delivers written notice to Rexahn within the [***] day period set forth in Section 4.4.1(b) above that it has elected to include clinical trial sites in China in such global Registration Enabling Clinical Trial, then during the [***] day period following the date of such written notice (i) the Parties shall cooperate in good faith to prepare a written amendment to the Development Plan to include development activities in China with respect to such global Registration Enabling Clinical Trial (the "**Lead Indication Collaboration**"), and (ii) the Parties shall cooperate in good faith to revise and clarify any other provisions of this Agreement necessary or appropriate in view of the additional activities to be undertaken in connection with the Lead Indication Collaboration.

(d) The Parties acknowledge and agree that if Biosense elects to include as part of such global Registration Enabling Clinical Trial clinical trial sites in China, costs and expenses shall be allocated as between the Parties as follows:

(i) Biosense shall be responsible for[***]; and

(ii) Rexahn shall be responsible for[***].

4.4.2 *Biosense Option*. During the License Term, Rexahn hereby grants to Biosense an exclusive option (the "**Additional Indication Option**") to acquire an exclusive license in the Territory under the Licensed IP to research, develop, make, have made, use, sell, offer for sale and import RX-3117 and Licensed Products in the Territory for Additional Indications on and subject to the terms and conditions set forth in this Section 4.4.2 (the "**Expanded License**") .

(a) Option if Rexahn Initiates Development.

(i) If at any time during the License Term, Rexahn desires to develop and commercialize RX-3117 for an Additional Indication, then Rexahn shall provide Biosense with written notice thereof (the "**Option Notice**") . The Option Notice shall indicate whether Rexahn desires to collaborate with Biosense with respect to development activities for such Additional Indication in the Territory (the "**Additional Collaboration**"), and if so, the proposed scope and terms for such Additional Collaboration.

(ii) Biosense shall have the right to exercise the Additional Indication Option by delivery to Rexahn of a written notice of exercise (the "**Notice of Exercise**") within [***] days after the date it receives the Option Notice . The Notice of Exercise shall indicate whether Biosense is interested in negotiating terms for the Additional Collaboration.

(iii) If Biosense exercises the Additional Indication Option by delivery to Rexahn of a Notice of Exercise, then during the [***] ([***]) day period following the date of the Notice of Exercise (the "**Option Negotiation Period**") (x) the Parties shall finalize the terms of an amendment to this Agreement to provide for the grant by Rexahn to Biosense of the Expanded License in exchange for the payment of the milestones and royalties already agreed by the Parties and set forth in Sections 6.2, 6.3 and 6.5, (y) if Rexahn included an Additional Collaboration in the Option Notice and Biosense's Option Notice indicated that Biosense was interested in negotiating terms for the Additional Collaboration, the Parties shall negotiate in good faith to enter into an amendment to this Agreement to provide for the terms of the Additional Collaboration, and (z) the Parties shall cooperate in good faith to revise and clarify any other provisions of this Agreement necessary or appropriate in view of the grant of the Expanded License and, if agreed, the Additional Collaboration.

(b) [***].

4.4.3 *Biosense Indication of Interest*.

(a) If at any time during the License Term, Biosense desires to develop and commercialize RX-3117 in the Territory for an Additional Indication, then Biosense shall provide Rexahn with written notice thereof, including a summary of any data or other relevant information supporting Biosense's interest in pursuing development and commercialization activities with respect to such Additional Indication (the "**Interest Notice**").

(b) Rexahn shall respond in writing to the Interest Notice (the "**Response Notice**") within [***] days after the date it receives the Interest Notice indicating (i) whether Rexahn consents to the development and commercialization of RX-3117 for the Additional Indication in the Territory, and if Rexahn does not consent to such development and commercialization, Rexahn's rationale for withholding its consent, and (ii) whether Rexahn desires to enter into an Additional Collaboration with respect thereto, and if so, the proposed scope and terms for such Additional Collaboration . For clarity, Rexahn may withhold its consent to the development and commercialization of RX-3117 for an Additional Indication in the Territory in its sole discretion[***].

(c) If Rexahn indicates its consent to the development and commercialization of RX-3117 for the Additional Indication in the Territory in its Response Notice, then during the [***] day period following the date of the Response Notice (the "**Interest Negotiation Period**"), (i) the Parties shall finalize the terms of an amendment to this Agreement to provide for the grant by Rexahn to Biosense of the Expanded License in exchange for the payment of the milestones and royalties already agreed by the Parties and set forth in Sections 6.2, 6.3 and 6.5, (ii) if Rexahn included an Additional Collaboration in its Response Notice, the Parties shall negotiate in good faith to enter into an amendment to this Agreement to provide for the terms of the Additional Collaboration, and (iii) the Parties shall cooperate in good faith to revise and clarify any other provisions of this Agreement necessary or appropriate in view of the grant of the Expanded License and, if agreed, the Additional Collaboration.

(d) If Rexahn has withheld its consent to the development and commercialization of RX-3117 for the Additional Indication in the Territory, then Biosense shall have no right to develop and commercialize RX-3117 in the Territory for such Additional Indication . For clarity, Rexahn shall have no obligation to enter into an Additional Collaboration under this Section 4.4.3. If Rexahn declines to enter into an Additional Collaboration for an Additional Indication or the Parties are unable to agree to the terms for the Additional Collaboration during the Interest Negotiation Period, then Biosense shall be responsible for all costs associated with development of RX-3117 in the Territory for such Additional Indication.

4.4.4 *Rexahn Option to Obtain License* . During the License Term, if Biosense develops RX-3117 for an Additional Indication under Section 4.4.3 and Rexahn declines to enter into an Additional Collaboration with respect thereto, then Biosense hereby grants to Rexahn an exclusive option (the "**Rexahn Option**") to acquire an exclusive license to use any data and other intellectual property rights obtained as part of Biosense's development efforts in the Territory for the development and commercialization of RX-3117 for such Additional Indication outside of the Territory on and subject to the terms and conditions set forth in this Section 4.4.4 (the "**Rexahn License**").

(a) Upon completion of any Registration Enabling Clinical Trial in the Territory for an Additional Indication described in Section 4.4.4 above, Biosense shall provide Rexahn with written notice thereof, which shall include a copy of the material data arising from such Registration Enabling Clinical Trial (the "**Data Notice**").

(b) Rexahn shall have the right to exercise the Rexahn Option by delivery to Biosense of a Notice of Exercise within [***] days after the date it receives the Data Notice.

(c) If Rexahn exercises the Rexahn Option by delivery to Biosense of a Notice of Exercise, then during the Option Negotiation Period, the Parties shall negotiate in good faith to enter into a license agreement on commercially reasonable terms for the Rexahn License, including financial provisions which may include, among other financial provisions, running royalties and reimbursement to Biosense for an equitable portion of the development costs for such Additional Indication based on the relative value of the rights to the Additional Indication in the Territory as compared to the relative value of the rights to the Additional Indication outside the Territory .

4.5 Rights to Rexahn. In consideration for the licenses granted by Rexahn to Biosense under Section 4.2, Biosense hereby grants to Rexahn the exclusive, worldwide, perpetual, irrevocable, cost-free license, with the right to grant sublicenses (including through multiple tiers of Sublicensees), under any Improvements to the Licensed IP and New IP owned or controlled by Biosense or its Affiliates (a) to research, develop, manufacture and commercialize RX-3117 and Licensed Products outside the Territory for all purposes, and (b) to the extent permitted under Section 4.6. Biosense hereby agrees not to sue Rexahn or its Affiliates, Subcontractors or Sublicensees for use of such Improvements in accordance with the foregoing license.

4.6 Reservation of Rights; No Implied Rights. Except as set forth in Section 4.2, Biosense shall have no other right to use, or interest in, any other Patents or intellectual property rights Controlled by Rexahn, and Rexahn makes no grant of intellectual property rights by implication . Notwithstanding Section 4.1 and the grant of the Exclusive License under Section 4.2 above, Rexahn shall retain the right to use the Licensed IP (a) in order to perform its obligations under the Collaboration and this Agreement, (b) for all purposes outside of the Territory, and (c) to conduct clinical development activities for RX-3117 and Licensed Products in the Territory in support of its development and commercialization activities for RX-3117 and Licensed Products outside the Territory.

ARTICLE 5.
DEVELOPMENT AND COMMERCIALIZATION ACTIVITIES

5.1 Biosense Development and Commercialization. Biosense, either itself or by and through its Affiliates, Sublicensees or Subcontractors, shall be solely responsible for all development, registration, marketing, advertising, promotional, launch and sales activities in connection with the Licensed Product in the Licensed Field in the Territory; provided, that Biosense agrees to align its strategy in regard to such matters with the strategies being used in key markets outside the Territory, or, at a minimum, to ensure that its strategy is not contradictory to such strategies . All costs associated with such activities shall be borne solely by Biosense.

5.2 Diligence Obligations. If the Parties engage in the Lead Indication Collaboration, then Biosense, either itself or by and through its Affiliates, Sublicensees or Subcontractors, shall use Commercially Reasonable Efforts to develop and commercialize the Licensed Product in the Licensed Field in the Territory . Without limiting the generality of the foregoing, if the Parties engage in the Lead Indication Collaboration then Biosense shall use Commercially Reasonable Efforts to (a) develop, obtain Regulatory Approval for and commercialize at least one (1) Licensed Product hereunder, (b) file an IND in China within [***] months of approval by the JSC of the updated Development Plan to include the Lead Indication Collaboration, (c) undertake the commercial launch of a Licensed Product in China promptly after, and in any case not later than [***] months after, the date that Regulatory Approval is granted with respect such Licensed Product in China, and (d) after receipt of Regulatory Approval of the Licensed Product in China, establish and maintain a sales force and commercial infrastructure either by itself or through its Affiliates or Subcontractors, necessary to commercialize the Licensed Product in the Licensed Field in the Territory to a scale that is sufficient given the market demand for the Licensed Product in the Licensed Field in the Territory . Any failure by Biosense to comply with the obligations set forth in this Section 5.2 shall be deemed to be a material breach for which Rexahn may exercise its termination rights under Section 12.2.1 and any other available remedies at law or in equity.

5.3 Regulatory. Biosense shall prepare, file, own and maintain all regulatory filings made with Regulatory Authorities in the Territory and Regulatory Approvals in connection with the Licensed Product in the Licensed Field in the Territory, and shall be responsible for all correspondence and communications with Regulatory Authorities relating thereto.

5.4 Licensed Product Supply.

5.4.1 *Commercial Supply Agreement*. If Biosense does not elect to manufacture its own commercial supply of Licensed Product, then within [***] months of the Effective Date the Parties shall negotiate in good faith and attempt to agree upon a supply agreement for the commercial supply of active pharmaceutical ingredient for RX-3117 ("**API**") or bulk, unlabeled Licensed Product ("**Bulk Product**") by Rexahn to Biosense at Rexahn's Manufacturing Cost plus [***] percent ([***]%) of Rexahn's Manufacturing Cost (the "**Commercial Supply Agreement**"), and a related quality agreement. Biosense will be solely responsible for conducting any further manufacturing activities to convert the API into Bulk Product and packaging and labeling the Bulk Product for use by Biosense, its Affiliates, and its Sublicensees in the Licensed Field in the Territory . Biosense acknowledges and agrees that (a) Rexahn has engaged certain Third Party contract manufacturers to manufacture the API and Bulk Product to be supplied by Rexahn to Biosense under the Commercial Supply Agreement, and (b) the terms of the Commercial Supply Agreement shall be substantially consistent with the terms of Rexahn's agreements with such Third Party contract manufacturers.

5.4.2 *Technology Transfer* . If Biosense elects to manufacture its own commercial supply of Licensed Product, Rexahn shall transfer to Biosense or its designated Third Party contract manufacturer all material Rexahn Know-How necessary to manufacture the Licensed Product (the "**Technology Transfer**") provided that Biosense or its designated Third Party contract manufacturer must first provide reasonable evidence to Rexahn that it holds all Regulatory Approvals required under Applicable Laws (including Applicable PRC Laws) to (a) manufacture the Licensed Product, or (b) engage a contract manufacturer to manufacture the Licensed Product . In connection with the Technology Transfer, Rexahn shall provide reasonable technical assistance, at Biosense's request, to enable Biosense or its designated Third Party contract manufacturer to manufacture the Licensed Product (the "**Technical Assistance**") . The Technology Transfer and the Technical Assistance shall be provided [***]. Additionally, Biosense shall reimburse Rexahn for any out-of-pocket expenses incurred in connection with the Technology Transfer and the Technical Assistance . Within [***] days after the end of each Calendar Quarter, Rexahn shall deliver to Biosense an invoice setting forth the number of hours of Technology Transfer Technical Assistance provided by Rexahn to Biosense during the prior Calendar Quarter, the amounts owed to Rexahn with respect thereto and any out-of-pocket expenses to be reimbursed by Biosense.

5.5 Reporting.

5.5.1 *Reporting*. With respect to each Licensed Product, once each Calendar Year after receipt of Regulatory Approval in China of such Licensed Product in the Licensed Field, Biosense shall provide to Rexahn a reasonably detailed report setting out the status of Biosense's material activities with respect to the Licensed Product, including, without limitation, the activities referenced in Section 5.2, above.

5.5.2 *Coordination by Alliance Managers*. After completion of the Collaboration Term, the Alliance Managers shall continue to act as the primary point of contact for the Parties regarding the activities contemplated by this Agreement . Upon the reasonable request of Rexahn, once each Calendar Year, Biosense's Alliance Manager and senior representatives of Biosense's Licensed Products development team shall meet, in-person, with senior members of Rexahn (or, by video-conference or teleconference), to provide a detailed update on the status of the development and commercialization of the Licensed Products.

ARTICLE 6.
FINANCIAL PROVISIONS

6.1 License Fee. In partial consideration for the Exclusive License, Biosense shall pay to Rexahn a one-time, non-refundable, non-creditable upfront payment of Three Million Dollars (US$3,000,000.00) (the "**License Fee**"), which License Fee shall be payable in installments on or before the following dates (each such date, a "**Payment Due Date**"):

Payment Amount (Amounts set forth below are in Dollars)	**Payment Due Date**
$150,000	Effective Date

Payment Amount (Amounts set forth below are in Dollars)	Payment Due Date
$1,350,000	April 13, 2019
$1,500,000	August 24, 2019

The date when the full amount of the License Fee is received by Rexahn shall be referred to as the "**Payment Date**."

6.2 **Licensed Product Development Milestone Events**. Subject to the terms and conditions set forth in Section 6.4, Biosense shall make each of the non-refundable, non-creditable milestone payments to Rexahn that are set forth below upon the occurrence of the corresponding development milestone event.

	Milestone Event	Payment (Amounts set forth below are in Dollars)
1.	[***]	$[***]
2.	[***]	$[***]
3.	[***]	$[***]
4.	[***]	$[***]
5.	[***]	$[***]

[***].

6.3 **Sales-Related Milestone Events**. Subject to the terms and conditions set forth in Section 6.4, Biosense shall make each of the non-refundable, non-creditable milestone payments to Rexahn that are set forth below upon the first occurrence of the corresponding sales milestone event with respect to a particular Licensed Product. Each milestone event under this Section 6.3 shall be paid only once the first time such milestone is achieved with respect to a particular Licensed Product, no matter how many times such milestone event is achieved with respect to such Licensed Product.

Milestone Event	Payment (Amounts set forth below are in Dollars)
$[***] in Annual Net Sales of a Licensed Product in the Territory	$[***]
$[***] in Annual Net Sales of a Licensed Product in the Territory	$[***]

In the event that the first and the second sales milestone events set forth above are first achieved in the same Calendar Year, then both milestone payments shall be paid at the same time.

6.4 Payment of Milestones. Biosense shall notify Rexahn in writing promptly, but in no event later than [***] Business Days after the achievement of each milestone set out in Section 6.2 or Section 6.3 that triggers a payment. Biosense shall pay all such milestone payments on net [***] calendar day payment terms in accordance with the payment method provided for in Section 6.7.

6.5 Royalties.

6.5.1 *Licensed Product Royalty*. Subject to the terms and conditions set forth in the remainder of this Section 6.5, on a Licensed Product-by-Licensed Product and country-by-country and region-by-region basis, Biosense shall pay to Rexahn the following tiered royalties on Annual Net Sales of a Licensed Product in the Territory:

Annual Net Sales	Royalty Rate
Annual Net Sales for a Licensed Product less than $[***]	[***]%
Annual Net Sales for a Licensed Product equal to or exceeding $[***], but less than or equal to $[***]	[***]%
Annual Net Sales for a Licensed Product exceeding $[***]	[***]%

6.5.2 *Royalty Term*. Biosense's obligation to pay royalties with respect to a Licensed Product in a particular country or region in the Territory, even if reduced as provided below in this Section 6.5, shall commence upon the First Commercial Sale of such Licensed Product in such country or region and shall expire on a country-by-country or region-by-region and Licensed Product-by-Licensed Product basis on the later of (a) the expiration of the last Valid Claim that claims the composition of matter or method of use or manufacture of RX-3117 in such country or region, and (b) the date that is [***] years after First Commercial Sale of such Licensed Product in such country or region (the "**Royalty Term**").

6.5.3 *Existence and Expiry of Valid Claims*. If, on a country-by-country or region-by-region and Licensed Product-by-Licensed Product basis, there is no Valid Claim that covers a Licensed Product, either at the time of First Commercial Sale or any time thereafter during the Royalty Term, then the applicable royalty rate set forth in Section 6.5.1 shall be reduced by [***] percent ([***]%).

6.5.4 *Royalty Reduction for Generic Competition*. If at any time Generic Competition exists in a given country or region in the Territory with respect to a Licensed Product, then Biosense's obligation to pay royalties with respect to such Licensed Product in such country or region shall be reduced by [***] percent ([***]%).

6.5.5 *Minimum Royalty*. Notwithstanding the reductions permitted by Sections 6.5.3 and 6.5.4, in no event will the royalties payable to Rexahn in any Calendar Quarter be less than [***] percent ([***]%) of the amounts that otherwise would be payable to Rexahn based solely on the royalty rates set forth in Section 6.5.1.

6.6 Reports; Royalty Payments. Until the expiration of all applicable Royalty Terms, Biosense shall make written reports and Calendar Quarter payments to Rexahn within [***] calendar days after the end of each Calendar Quarter covering all sales of Licensed Products in the Territory by Biosense, its Affiliates and Sublicensees, each such written report in reasonable detail as available stating: (a) the total Net Sales for each Licensed Product on a country-by-country or region-by-region basis; and (b) a calculation of the amount of royalty payment due on such Net Sales for each Licensed Product pursuant to Section 6.5 on a country-by-country or region-by-region basis.

6.7 Method of Payments. All payments due from Biosense to Rexahn under this Agreement shall be paid by a U.S. Affiliate of Biosense in Dollars by wire transfer initiated in the U.S. to a bank account designated in writing by Rexahn. With respect to any payment due under this ARTICLE 6, Rexahn shall provide Biosense an original invoice and Biosense shall make such payment by the [***] day of the month immediately following receipt of the original invoice.

6.8 Withholding Taxes. Royalties and milestone payments shall be paid by Biosense to Rexahn, after deduction of any applicable withholding taxes. Prior to any payment by Biosense to Rexahn, Biosense shall provide to Rexahn any forms required to attest Rexahn's fiscal domiciliation in order to allow Biosense to claim application of the reduced rate of withholding tax provided for in any applicable bilateral fiscal convention. Rexahn shall promptly return such forms to Biosense. In the event Rexahn fails to promptly return such forms duly filled and signed, Biosense shall declare and pay withholding tax at the common law rate of the applicable corporate income tax, and such tax shall then be deducted from the corresponding payment by Biosense to Rexahn. Biosense shall pay withholding tax to the proper taxing authority and proof of payment of such tax shall be secured and sent to Rexahn as evidence of such payment. If, in the opinion of either Party, the provisions of this Section 6.8 become extremely burdensome, the Parties agree to meet and discuss such other options as may be available to them. For the avoidance of doubt, Rexahn shall be responsible for its own compliance with Applicable Laws in respect of amounts paid to Rexahn under this Agreement and Biosense shall not be liable for any failure by Rexahn to comply with such Applicable Laws provided that such failure is not due to Biosense's breach of its obligations under this Section 6.8 or any other provision of this Agreement.

6.9 Audit. Biosense shall keep and maintain for [***] years complete and accurate records of sales of Licensed Products in sufficient detail to allow Rexahn to confirm the accuracy of royalties paid hereunder. Rexahn shall have the right during such [***] year period to appoint at its expense an independent certified public accountant reasonably acceptable to Biosense to audit its relevant records for the purpose of verifying reports provided by Biosense under Section 6.6. Biosense shall make its records available for audit by such independent certified public accountant during regular business hours at such place or places where such records are customarily kept, upon [***] calendar days written notice from Rexahn. Such audit right shall not be exercised by Rexahn more than once in any Calendar Year and the records for a [***] month period may not be audited more than once. All records made available for audit shall be deemed to be Confidential Information of Biosense, except as may be used as evidence of breach of this Agreement. The results of each audit, if any, shall be binding on both Parties absent manifest error. Rexahn shall bear the full cost of such audit, except in the event that the results of the audit reveal an underpayment of royalties to Rexahn under this Agreement of [***] percent ([***]%) or more over the period being audited, in which case reasonable audit fees for such examination shall be paid by Biosense. The audits conducted by Rexahn shall not interfere with the ordinary business operations of Biosense in any material respect.

6.10 Currency. With respect to sales of the Licensed Product invoiced in Dollars, the Net Sales and the amounts due hereunder will be expressed in Dollars. With respect to sales of Licensed Products invoiced in a currency other than Dollars, the gross sales, Net Sales and royalties payable shall be expressed in the currency of the invoice issued by the Party making the sale together with the Dollar equivalent of the royalty payable and the equivalent in the currency used for calculating the applicable royalty rates, calculated using the rate of exchange published in the Wall Street Journal for such currency on the last Business Day of the relevant Calendar Quarter.

6.11 Interest on Late Payment. Any undisputed amount owed by one Party to the other Party under this Agreement that is not paid within the applicable time period set forth herein shall accrue interest at the rate of [***] ([***]%) percent per year from the dates and in the amounts that the undisputed amounts were incurred, or, if lower, the highest rate permitted under Applicable Laws. Where the late payment is caused by the Party that is owed the payment, including for reasons such as failure to communicate in a timely manner changes to bank details, or failure to respond to communications from the Party owing the payment regarding the interpretation or dispute of the terms of such payment, then no interest will be payable by the Party owing the payment.

ARTICLE 7.
PATENT ENFORCEMENT AND DEFENSE

7.1 **Prosecution, Maintenance and Enforcement of Patents**. Rexahn shall have the sole right, responsibility and obligation to prepare, file, prosecute and maintain the Patents included within the Licensed IP and any Patents jointly owned by the Parties that cover the Licensed Product, both within and without the Territory, at Rexahn's expense. Upon the request of Rexahn, Biosense shall reimburse Rexahn for [***] percent ([***]%) of such expenses to the extent relating to the Patents included within the Licensed IP.

7.2 **Cooperation.** Each Party agrees to cooperate with the other Party, and to execute all lawful papers and instruments, to make all rightful oaths and declarations, and to provide consultation and assistance as may be necessary in the prosecution, maintenance and enforcement of all Patents, Know-How and other intellectual property rights undertaken in a manner consistent with Section 7.1.

7.3 **Third Party Infringement of Licensed IP**.

7.3.1 *Notice of Infringement.* Each Party shall promptly provide the other Party with written notice upon learning of any infringement or misappropriation of the Licensed IP in the Licensed Field in the Territory ("**Infringement**").

7.3.2 *Rexahn Right to Enforce.* Rexahn shall have the first right to address Infringement of the Licensed IP during the License Term in the Territory by taking reasonable steps, including the institution of legal proceedings or other actions (an "**Action**"), and to compromise or settle such Action; provided, that: (a) Rexahn shall keep Biosense fully informed about such Action and Biosense shall provide all reasonable cooperation to Rexahn in connection with such Action; (b) Rexahn shall not take any position with respect to, or compromise or settle, such Action in any way that is reasonably likely to directly and adversely affect the scope, validity or enforceability of the Licensed IP in the Licensed Field in the Territory without the prior consent of Biosense, which consent shall not be unreasonably withheld, conditioned or delayed; and (c) if Rexahn does not intend to prosecute or defend an Action, or ceases to diligently pursue such an Action, it shall promptly inform Biosense in such a manner that such Action will not be prejudiced and Section 7.3.3 shall apply.

7.3.3 *Biosense Right to Enforce.* If (a) Rexahn informs Biosense that it does not intend to prosecute an Action in respect of the Licensed IP in the Territory, (b) within [***] calendar days after notice of Infringement Biosense has not commenced any such Action, or (c) Rexahn thereafter ceases diligently to pursue such Action and only if Rexahn has not informed Biosense that it is not proceeding on the opinion of competent counsel (and where Rexahn is relying on such opinion, Rexahn will have a discussion with Biosense concerning such opinion to the extent legally permitted to do so without compromising privilege), then Biosense shall have the right, at its own expense, upon notice to Rexahn to take appropriate action to address such Infringement, including by initiating its own Action or taking over prosecution of any Action initiated by Rexahn. In such event, Biosense shall keep Rexahn fully informed about such Action and shall consult with Rexahn before taking any major steps during the conduct of such Action. Rexahn shall provide all reasonable cooperation to Biosense in connection with such Action. Biosense shall not take any position with respect to, or compromise or settle, such Action in any way that is reasonably likely to directly and adversely affect the scope, validity or enforceability of the Licensed IP without Rexahn's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

7.3.4 *Right to Representation*. Each Party shall have the right to participate and be represented by counsel that it selects, in any Action instituted under Section 7.3.2 or Section 7.3.3 by the other Party. If a Party with the right to initiate an Action to eliminate an Infringement lacks standing to do so and the other Party has standing to initiate such Action, then the Party with the right to initiate an Action may name the other Party as plaintiff in such Action or may require the Party with standing to initiate such Action at the expense of the other Party; provided, that if Rexahn has informed Biosense that it would not proceed with such Action on the opinion of competent counsel, Biosense may not require Rexahn to initiate such Action.

7.3.5 *Cooperation*. In any Action instituted under this Section 7.3, the Parties shall cooperate with and assist each other in all reasonable respects. Upon the reasonable request of the Party instituting such Action, the other Party shall join such Action and shall be represented using counsel of its own choice, at the requesting Party's expense; provided, that if Rexahn has informed Biosense that it would not proceed with such Action on the opinion of competent counsel, Biosense may not require Rexahn to join such Action.

7.3.6 *Share of Recoveries*. The costs and expenses of the Party bringing suit under this Section 7.3 shall be borne by such Party, and any damages or other monetary awards recovered shall be shared as follows: (a) the amount of such recovery actually received by the Party controlling such action shall first be applied to the out-of-pocket costs of each Party in connection with such action, and (b) any remaining proceeds [***]. A settlement or consent judgment or other voluntary final disposition of a suit under this Section 7.3 may be entered into without the consent of the Party not bringing the suit; provided, that such settlement, consent judgment or other disposition does not (i) admit the invalidity or unenforceability of the relevant Patent in the Licensed IP, or (ii) result in any adverse impact on the Party not bringing the suit; and provided, further that any rights granted under the relevant Patent to continue the infringing activity in such settlement, consent judgment or other disposition shall be limited to those rights that the granting Party otherwise has the right to grant.

7.4 Defense of Claims Brought by Third Parties. In the event that any action, suit or proceeding is brought against either Party or an Affiliate or Sublicensee of either Party alleging the infringement of the Know-How or Patents of a Third Party by the making, having made, use, sale, offering for sale or importation of a Licensed Product, such Party shall notify the other Party within [***] calendar days of the earlier of (a) receipt of service of process in such action, suit or proceeding, or (b) the date such Party becomes aware that such action, suit or proceeding has been instituted and the Parties shall meet as soon as possible to discuss the overall strategy for defense of such matter. Rexahn shall have the right to defend such action, suit or proceeding in the Territory at its sole cost and expense. Biosense shall have the right to separate counsel at its own expense in any such action, suit or proceeding, and the Parties shall cooperate with each other in all reasonable respects in any such action, suit or proceeding. Each Party shall promptly furnish the other Party with a copy of each communication relating to the alleged infringement that is received by such Party including all documents filed in any litigation.

ARTICLE 8.
CONFIDENTIALITY

8.1 **General.** Except as expressly set forth in this ARTICLE 8, each Party shall cause its respective Affiliates, officers, directors, employees, agents and Subcontractors (collectively, "**Representatives**") to keep confidential any and all technical, commercial, scientific and other confidential or proprietary data, processes, documents or other information (whether in oral or written form) or physical objects (including, without limitation, Rexahn Materials, Know-How, Licensed Product(s), intellectual property, marketing data, agreements between any Party and a Third Party, license applications, and business plans and projections of any Party) received directly or indirectly from the other Party (the "**Disclosing Party**"), its Affiliates or its Representatives prior to, on or after the date of this Agreement and which relates (in the case of a Party) to the Disclosing Party or any of its Affiliates or their respective businesses ("**Confidential Information**"), and each Party shall not disclose directly or indirectly, and shall cause its Representatives not to disclose directly or indirectly, any Confidential Information to anyone outside such Party and its Affiliates and their respective Representatives, except that the foregoing restriction shall not apply to any information disclosed hereunder to any Party, if such Party (the "**Receiving Party**") can demonstrate by written proof that such Confidential Information:

8.1.1 is or hereafter becomes generally available to the trade or public other than by reason of any breach or default by the Receiving Party, any of its Affiliates or any Representative of the foregoing with respect to a confidentiality obligation under this Agreement;

8.1.2 was already known to the Receiving Party or such Affiliate or Representative, or was otherwise developed independently by the Receiving Party or its Affiliates or Representatives;

8.1.3 is disclosed to the Receiving Party or such Affiliate or Representative by a Third Party who has the right to disclose such information and is not subject to an obligation of confidentiality to the Disclosing Party; or

8.1.4 based on such Party's good faith judgment with the advice of counsel, is required to be disclosed pursuant to applicable legal requirements to a Government Authority, including, without limitation, securities listing organizations, FDA or any comparable authority of any country or region having jurisdiction.

8.2 **Notice of Potential Disclosure**. Whenever the Receiving Party becomes aware of any state of facts which would or might require disclosure of Confidential Information pursuant to Section 8.1.4 above, it shall, if possible, promptly notify the Disclosing Party prior to any such disclosure so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, and in any such case the Receiving Party shall reasonably cooperate with the Disclosing Party to try to obtain any protective order or other remedy the Disclosing Party may wish to obtain. In any event, if the Receiving Party is unable to promptly notify the Disclosing Party or if such protective order or other remedy is not obtained, or if the Disclosing Party waives compliance with the provisions of this Agreement, the Receiving Party will furnish only that portion of the information which it is advised by counsel is legally required and will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information.

8.3 **Remedies**. Each Party shall be entitled, in addition to any other right or remedy it may have at law or in equity, to an injunction, without the posting of any bond or other security except as required by the relevant laws, enjoining or restraining the other Party from any violation or threatened violation of this ARTICLE 8.

8.4 **Rexahn Information**. For the purposes of this ARTICLE 8, the Rexahn Know-How and the Rexahn Materials included in the Rexahn Background IP and in the Licensed IP shall be deemed to be Confidential Information of Rexahn (i.e., for which Rexahn is the Disclosing Party and Biosense the Receiving Party).

8.5 **Use of Confidential Information.** Each Party agrees that no Confidential Information received from the Disclosing Party shall:

8.5.1 be used in its own business except as necessary to the fulfilment of such Party's rights and obligations under this Agreement;

8.5.2 be assigned, licensed, sublicensed, marketed, transferred or loaned, directly or indirectly, to any Third Party other than a Representative of the Party or an Affiliate, and except as necessary to the fulfilment of the Party's rights and obligations under this Agreement; or

8.5.3 be used or exploited by such Party or by any of its Affiliates or their Representatives for its or their respective benefit or the benefit of any other relationships with customers of such Party or its Affiliates, except as specifically allowed under Section 8.5.1.

8.6 **Limited Use**. Without limiting the generality of the foregoing, each Party agrees that it shall not, without the express prior written consent of the Disclosing Party (and shall not permit any of its Affiliates or Representatives to), use any Confidential Information of the Disclosing Party at any time for any purpose other than the performance of its obligations and the exercise of its rights as specifically set out in this Agreement.

8.7 **Copies**. The obligations set forth in this ARTICLE 8 shall extend to copies, if any, of Confidential Information made by the Receiving Party and any Affiliates or Representatives of the Receiving Party and to documents prepared by such Persons which embody or contain Confidential Information.

8.8 **Protection of Confidential Information.** Each Party shall manage Confidential Information received from the Disclosing Party so as to protect it from disclosure with a degree of care not less than that used by it in managing its own proprietary information and shall take reasonable steps to minimize the risk of disclosure of Confidential Information which shall include, without limitation, ensuring that only its Affiliates and its and their Representatives who have a bona fide "need to know" such Confidential Information for purposes permitted or contemplated by this Agreement shall have access thereto.

8.9 **Representatives**. Each Party shall notify all of its Representatives who have access to Confidential Information of its confidentiality and the care therefore required, and shall obtain from any Affiliate or any agent or Subcontractor who is a Representative that is permitted access to such Confidential Information in accordance with this ARTICLE 8, an agreement of confidentiality incorporating the restrictions set forth herein.

8.10 **Survival of Obligations.** The obligations set forth in this ARTICLE 8 shall survive the termination of this Agreement for a period of [***] years.

8.11 **Return of Confidential Information.** Within [***] days after the termination of this Agreement, the Receiving Party shall (and shall cause its Representatives and its Affiliates to) return to the Disclosing Party or destroy all documents and tangible items (included but not limited to unused Rexahn Materials) then in its possession which it has received from the Disclosing Party or any Affiliate or Representative thereof that include or incorporate or contain any of the Disclosing Party's Confidential Information, as well as all copies, summaries, records, descriptions, modifications, and duplications that it, or any of its Affiliates or Representatives, has made from the documents or tangible items received from the Disclosing Party or any Affiliate or Representative thereof; provided, however, that the Receiving Party may retain one copy of Confidential Information (but not any Rexahn Materials) in its legal files solely to permit the Receiving Party to continue to comply with its obligations hereunder and, in addition, may upon notice to the Disclosing Party, retain in its legal files or in the office of outside legal counsel one copy of any document solely for use in any pending legal proceeding to which such document relates.

8.12 **Press Releases and Other Disclosures to Third Parties**.

8.12.1 Neither Rexahn nor Biosense shall, without the prior written consent of the other, issue any press release or make any other public announcement or furnish any statement to any Person (other than either Party's respective Affiliates or Representatives) concerning the existence of this Agreement and the transactions contemplated by this Agreement, except for (i) general statements referring to the existence of this Agreement, specifying its nature, the Licensed Field, the Option Field and identity of the Parties but no other details (including, for clarity, financial details), (ii) disclosures made in compliance with Section 8.1 hereof, (iii) disclosures to attorneys, consultants, and accountants retained to represent them in connection with the transactions contemplated hereby or as may be reasonably necessary to either Party's bankers, investors, potential investors, attorneys or other professional advisers in connection with a merger or acquisition or investment, or potential merger or acquisition or investment, provided such advisors are bound by confidentiality obligations essentially identical to those provided for herein, and (iv) occasional, brief comments by the respective executive officers of both Parties consistent with such guidelines for public statements as may be mutually agreed by the Parties made in connection with routine interviews with analysts or members of the financial press.

8.12.2 In addition, either Party (after consultation with counsel) in its own right may make such further announcements and disclosures, if any, as may be required by applicable securities laws and regulations (such as, without limitation, regulations of the U.S. Securities and Exchange Commission (SEC) or any comparable stock market or securities regulatory authority having jurisdiction), in which case the Party making the announcement or disclosure shall use its best efforts to give advance notice to, and discuss such announcement or disclosure with, the Disclosing Party and such Disclosing Party's attorneys. In the event a copy of this Agreement would be required to be filed with the SEC or any other market authority, the Party with the obligation to file shall first consult with the other Party with a view to agreeing the items in the Agreement for which confidential treatment should be sought.

8.12.3 Rexahn and Biosense shall have the right to make public announcements (including press releases) regarding this Agreement, including for example the exercise of the option hereunder, and the general nature of the undertakings hereunder, provided that no disclosure of Confidential Information of the other Party is contained in such public announcement, and that such public announcement has been reviewed and agreed in writing by the other Party, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that either Party may make a public announcement (excluding press releases specifically about this Agreement) without the approval of the other Party with respect to information which has previously been made public with the authorization of the other Party.

ARTICLE 9.
PUBLICATIONS/COMMUNICATIONS

9.1 **General.** Either Party, and their respective Affiliates and Sublicensees, shall have the right to make disclosures pertaining to the Licensed Products in scientific journals or other publications; provided, that neither Biosense nor its Affiliates or Sublicensees shall have the right to make disclosures pertaining to the Licensed IP or the Licensed Products outside of the Licensed Field at any time. No publications or communications (including, without limitation, posters) shall be published or submitted for publication by a Party unless they are first reviewed and approved in writing by the other Party (which review and approval shall not be unreasonably withheld, delayed or conditioned). Any such proposed publication or communication shall not include any Confidential Information belonging to Biosense if the publishing Party is Rexahn, or belonging to Rexahn if the publishing Party is Biosense. A copy of any proposed publication or communication (including, in the case of any proposed oral communication, a transcript) shall be sent by the publishing Party to the other at least [***] days before the proposed publication or communication in order to allow the other Party to request deletion of any of its Confidential Information or, if the publication cannot be made without its Confidential Information, to refuse such publication or communication. Either Party may also require delay(s) of up to [***] days in publication or communication in order to have appropriate patent applications filed.

9.2 **Authorship.** Any and all publications and communications relating to the Licensed Products or Licensed IP shall mention all Rexahn and Biosense scientists that may be considered as co-authors in accordance with industry practice, and shall refer to Rexahn and Biosense.

ARTICLE 10.
REPRESENTATIONS AND WARRANTIES

10.1 **Representations and Warranties of Both Parties.** Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

10.1.1 such Party is duly organized, validly existing and in good standing under Applicable Laws of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

10.1.2 such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

10.1.3 this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid and binding obligation, enforceable against it in accordance with the terms hereof;

10.1.4 the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Laws of any Government Authority having jurisdiction over such Party; and

10.1.5 no Regulatory Approvals, exemption of or filing or registration with any Government Authority, under any Applicable Laws currently in effect, is or shall be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement.

10.2 **Representations and Warranties of Rexahn.** Rexahn hereby represents and warrants to Biosense, as of the Effective Date, that:

10.2.1 Rexahn Controls the Rexahn Background IP;

10.2.2 Rexahn has the right to grant all rights and licenses it purports to grant to Biosense with respect to the Rexahn Background IP under this Agreement;

10.2.3 there is no settled or pending claim or lawsuit or legal proceeding of a Third Party against Rexahn, or any threat thereof made in writing by a Third Party to Rexahn, alleging that the Rexahn Background IP misappropriates or infringes, in part or in whole, the intellectual property or intellectual property rights of such Third Party;

10.2.4 Rexahn has not received any written notice challenging its rights to practice Rexahn Background IP;

10.2.5 Rexahn has not granted, and during the Term it will not grant, any right, security interest, option, lien, license or encumbrance of any nature to any Third Party relating to any of the Rexahn Background IP that would conflict or interfere with any of the rights or licenses granted to Biosense hereunder; and

10.2.6 to Rexahn's knowledge, none of the issued Patents included within the Rexahn Background IP and covering the sale, use or manufacture of the Licensed Products in the Territory as of the Effective Date infringe any issued Patents in the Territory that are owned or controlled by a Third Party.

10.3 Mutual Covenants. Each Party hereby covenants to the other Party that:

10.3.1 All employees of such Party or its Affiliates working under this Agreement shall be under the obligation to assign all right, title and interest in and to their inventions and discoveries, whether or not patentable, if any, to such Party as the sole owner thereof;

10.3.2 Such Party shall not employ (or use any Subcontractor or consultant that employs) any individual or entity debarred by the FDA or any equivalent sanction instituted by a Regulatory Authority other than the FDA, or any individual who or entity which is the subject of an FDA debarment investigation or proceeding or any equivalent investigation or proceeding instituted by a Regulatory Authority other than the FDA, in the conduct of its activities under the Development Plan;

10.3.3 Such Party shall (a) perform its activities under this Agreement in compliance with Section 2.8; (b) at all times comply (and shall ensure compliance by any of its Subcontractors) with all Applicable Laws and with the most current best practices for pharmaceutical companies for the proper care, handling and use of animals in pharmaceutical research and development activities, and with the "3R Principles" (reducing the number of animals used, replacing animals with non-animal methods whenever possible and refining the research techniques used), subject to the other Party's reasonable right of inspection; and (c) promptly and in good faith undertake reasonable corrective steps and measures to remedy the situation to the extent that any significant deficiencies are identified as a result of such inspection;

10.3.4 Neither Party shall, during the Term, grant any right or license to any Third Party relating to any of the intellectual property rights (including New IP, Rexahn Background IP and Improvements thereto) it Controls which would conflict or interfere with any of the rights or licenses granted to the otherParty hereunder;

10.3.5 Each Party shall notify the other Party in writing promptly in the event that it has actual knowledge of the material breach of any covenant under this ARTICLE 10 or the material breach of any representation or warranty provided by either Party under Section 10.1 or by Rexahn under Section 10.2;

10.3.6 Neither Party shall in the performance of its obligations under this Agreement, directly or indirectly, offer, pay, promise to pay, or authorize the giving of money or anything of value to any official or employee of any government or any department, agency or instrumentality thereof (including any health or medical providers owned or controlled by the government), to any political party or official thereof, or to any candidate for political office, or to any other person, for the purpose of:

(a) inappropriately influencing any act or decisions of such person, official, political party, party official, or candidate in, if applicable, its official capacity, including a decision to fail to perform official functions;

(b) inducing such person, official, political party, party official, or candidate to use influence with the government, any instrumentality thereof, or any other entity to affect or influence any act or decision of such government or instrumentality, or entity, in order to assist a Party in obtaining or retaining business for or with, or directing business to, any Affiliate or Third Party; or

(c) otherwise inappropriately influencing any decisions favorable to either Party or its Affiliates and the business resulting therefrom in contravention of the FCPA or Applicable PRC Laws relating to the prevention or punishment of acts of bribery or corruption applicable to the activities of the Parties under this Agreement.

Each Party shall have necessary procedures in place to prevent bribery and corrupt conduct by itself and each of its Affiliates and to comply with all Anti-Corruption Laws. Within [***] days after the end of each Calendar Year during the Term, Biosense shall deliver to Rexahn a certificate executed by an executive officer of Biosense certifying that Biosense and its Affiliates have been in compliance with their obligations under this Section 10.3.6 during such Calendar Year.

10.4 Disclaimer. EACH OF REXAHN AND BIOSENSE SPECIFICALLY DISCLAIM THAT THE COLLABORATION WILL BE SUCCESSFUL IN WHOLE OR IN PART. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE OR THAT THEIR EXERCISE DOES NOT INFRINGE ANY PATENT RIGHTS OF THIRD PARTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH PARTY DISCLAIMS ANY WARRANTIES WITH RESPECT TO: (A) THE SUCCESS OF ANY STUDY OR TEST COMMENCED UNDER THIS AGREEMENT, (B) THE SAFETY OR USEFULNESS FOR ANY PURPOSE OF RX-3117; AND (C) THE VALIDITY, ENFORCEABILITY, OR NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS IT PROVIDES OR LICENSES TO THE OTHER PARTY UNDER THIS AGREEMENT.

10.5 LIMITATION OF LIABILITY. EXCEPT FOR A BREACH OF ARTICLE 8, OR FOR CLAIMS OF A THIRD PARTY WHICH ARE SUBJECT TO INDEMNIFICATION UNDER ARTICLE 11, OR AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, NEITHER REXAHN NOR BIOSENSE, NOR ANY OF THEIR AFFILIATES OR SUBLICENSEES SHALL BE LIABLE TO THE OTHER PARTY, ITS AFFILIATES OR ANY OF THEIR SUBLICENSEES FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, RELIANCE OR PUNITIVE DAMAGES OR LOST OR IMPUTED PROFITS, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

ARTICLE 11.
INDEMNIFICATION

11.1 Indemnification by Biosense. Biosense shall indemnify, defend and hold harmless Rexahn, and its Affiliates, and its or their respective directors, officers, employees and agents, from and against any and all costs and expenses actually incurred, including the reasonable fees of attorneys and other professionals (collectively, "**Losses**"), arising out of or resulting from any and all Third Partysuits, claims, actions, proceedings or demands ("**Claims**") based upon:

11.1.1 the negligence, recklessness or wrongful intentional acts or omissions of Biosense and/or its Affiliates and/or its or their respective directors, officers, employees and agents, in connection with Biosense's performance of its obligations or exercise of its rights under this Agreement;

11.1.2 any material breach of any representation or warranty or express covenant made by Biosense under ARTICLE 10 or any other provision under this Agreement;

11.1.3 research and development activities conducted by or on behalf of Biosense under this Agreement, and the storage, handling, use, manufacture, marketing, commercialization, importation or sale by Biosense, its Affiliates, Subcontractors or Sublicensees of the Licensed Products;

11.1.4 employee-inventor rights by any Biosense Affiliate or Subcontractor in the Territory under the Applicable PRC Law;

11.1.5 violation of Applicable Laws (including Applicable PRC Laws) relating to data protection or data privacy by Biosense and/or its Affiliates when performing its obligations under this Agreement; or

11.1.6 disclosure of data to Government Authorities in China pursuant to thePRC *Scientific Data Administrative Measures*;

except, in each case with respect toSections 11.1.1 through 11.1.6 (inclusive), to the extent such Claim arose out of or resulted from or is attributable to the negligence, recklessness or wrongful intentional acts or omissions of Rexahn and/or its Affiliates, or their respective directors, officers, employees or agents, including with respect to any activities under the responsibility of Rexahn according to the Development Plan.

11.2 Indemnification by Rexahn. Rexahn shall indemnify, defend and hold harmless Biosense and its Affiliates, and its or their respective directors, officers, employees and agents, from and against any and all Losses, arising out of or resulting from any and all Third Party Claims based upon:

11.2.1 the negligence, recklessness or wrongful intentional acts or omissions of Rexahn and/or its Affiliates and/or its or their respective directors, officers, employees and agents, in connection with Rexahn's performance of its obligations or exercise of its rights under this Agreement;

11.2.2 any material breach of any representation or warranty or express covenant made by Rexahn under ARTICLE 10 or any other provision under this Agreement;

11.2.3 research and development activities conducted by or on behalf of Rexahn under the Collaboration;

11.2.4 employee-inventor rights by any Rexahn Affiliate or Subcontractor outside the Territory under the Applicable Law; or

11.2.5 violation of Applicable Laws relating to data protection or data privacy by Rexahn and/or its Affiliates when performing its obligations under this Agreement;

except, in each case with respect to Sections 11.2.1 through 11.2.5 (inclusive), to the extent such Claim arose out of or resulted from or is attributable to the negligence, recklessness or wrongful intentional acts or omissions of Biosense and/or its Affiliates, or their respective directors, officers, employees and agents, including with respect to any activities under the responsibility of Biosense according to the Development Plan.

11.3 Procedure. In the event that any Person (an "**Indemnitee**") entitled to indemnification under Section 11.1 or Section 11.2 is seeking such indemnification, such Indemnitee shall (a) inform, in writing, the indemnifying Party of the Claim as soon as reasonably practicable after such Indemnitee receives notice of such Claim, (b) permit the indemnifying Party to assume direction and control of the defense of the Claim (including the sole right to settle it at the sole discretion of the indemnifying Party, taking into consideration in good faith any reasonable concerns or objections raised by the Indemnitee; provided, that such settlement does not impose any obligation on, or otherwise adversely affect, the Indemnitee or other Party), (c) cooperate as reasonably requested (at the expense of the indemnifying Party) in the defense of the Claim, and (d) undertake all reasonable steps to mitigate any loss, damage or expense with respect to the Claim(s).

ARTICLE 12.
TERM AND TERMINATION

12.1 Term; Expiration. The term of this Agreement (the "**Term**") shall begin on the Effective Date and, unless earlier terminated pursuant to the other provisions of this ARTICLE 12, shall expire on a Licensed Product-by-Licensed Product and country-by-country or region-by region basis on the expiration of the last Valid Claim covering a Licensed Product.

12.2 Termination for Cause.

12.2.1 *Termination for Material Breach*. Either Party (the "**Non-breaching Party**") may, without prejudice to any other remedies available to it at law or in equity, terminate this Agreement in the event the other Party (the "**Breaching Party**") shall have materially breached or defaulted in the performance of any of its material obligations under this Agreement and such default shall have continued for [***] calendar days after written notice thereof was provided to the Breaching Party by the Non-breaching Party, such notice describing with particularity and in detail the alleged material breach. Any such termination of this Agreement under this Section 12.2.1 shall become effective at the end of such [***] calendar day period, unless the Breaching Party has either (a) cured any such breach or default prior to the expiration of such [***] calendar day period, or (b) if such breach is not susceptible to cure within such [***] calendar day period, the Breaching Party has, within such [***] calendar day period, provided to the Non-breaching Party a written plan that is reasonably calculated to effect a cure and such plan has been accepted by the Non-breaching Party. Where the Non-breaching Party has accepted any such plan in accordance with the preceding sentence, the Non-breaching Party may terminate this Agreement immediately upon written notice to the Breaching Party if the Breaching Party subsequently fails to carry out such plan. The right of either Party to terminate this Agreement as provided in this Section 12.2.1 shall not be affected in any way by such Party's waiver or failure to take action with respect to any previous default.

12.2.2 *Disagreement*. If the Parties reasonably and in good faith disagree as to whether there has been a material breach, the Party which seeks to dispute that there has been a material breach may contest the allegation in accordance with Section 13.1.

12.2.3 *Termination Due to Patent Challenge*. Rexahn may terminate this Agreement immediately if Biosense or any of its Affiliates or Sublicensees of the Patents included in the Licensed IP directly or indirectly initiate or prosecute any lawsuit or any other civil or administrative proceeding, or the making of any claim or counterclaim, of any kind in any court, tribunal, agency or governmental entity anywhere in the world challenging the validity or enforceability of any Patent licensed or sublicensed to it under this Agreement by Rexahn.

12.2.4 *Termination For Failure to Pay License Fee*. Rexahn may terminate this Agreement immediately upon written notice to Biosense if Biosense fails to pay any installment of the License Fee on or before the relevant Payment Due Date or on such other date mutually agreed by both Parties in writing. For clarity, unless Rexahn elects otherwise, Section 12.2.1 shall not apply to any such failure by Biosense to timely pay any installment of the License Fee in accordance with Section 6.1 and there shall be no cure period with respect to such failure.

12.3 Termination for Insolvency. In the event that either Party (or, in the case of Biosense, an Affiliate of Biosense that holds the IND or a Regulatory Approval for RX-3117 or a Licensed Product in the Territory) makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over all or substantially all of its property, files a petition under any bankruptcy or insolvency act in any state or country or has any such petition filed against it which is not discharged within [***] calendar days of the filing thereof, then the other Party may terminate this Agreement effective immediately upon written notice to such Party. In connection therewith, all rights and licenses granted under or pursuant to any section of this Agreement are and shall otherwise be deemed to be for purposes of Section 365(n) of Title 11, United States Code (the "**Bankruptcy Code**") licenses of rights to "intellectual property" as defined in Section 101(56) of the Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code. Upon the bankruptcy of any Party, the non-bankrupt Party shall further be entitled to a complete duplicate of, or complete access to, any such intellectual property, and such, if not already in its possession, shall be promptly delivered to the non-bankrupt Party, unless the bankrupt Party elects to continue, and continues, to perform all of its obligations under this Agreement.

12.4 Termination for Safety Issue. Either Party may terminate this Agreement upon written notice to the other Party in the event of a Safety Issue. Any notice of termination due to a Safety Issue pursuant to this Section 12.4 must be delivered to the non-terminating Party within [***] days of the terminating Party determining such Safety Issue exists.

12.5 Termination for Trial Failure. Biosense may terminate this Agreement with respect to the Lead Indication or any Additional Indication (such terminated indication, the "**Relevant Indication**") for which Biosense has obtained an Expanded License if the global or the Chinese Registration Enabling Clinical Trial for RX-3117 for the Relevant Indication fails to meet its primary endpoints and the results of such Registration Enabling Clinical Trial are not sufficient to support Regulatory Approval of the Licensed Product for the Relevant Indication in China. Any notice of termination pursuant to this Section 12.5 must be delivered to Rexahn within [***] days of the availability of the initial tables and listings for the relevant Registration Enabling Clinical Trial. For clarity, the terms of this Agreement relating to indications other than the Relevant Indication shall remain in full force and effect.

12.6 Effects of Termination.

12.6.1 *Termination by Rexahn for Cause or Insolvency or by Either Party for a Safety Issue or by Biosense for a Trial Failure*. In the event of termination of this Agreement by Rexahn pursuant to Section 12.2 or Section 12.3, by either Party pursuant to Section 12.4 or by Biosense with respect to the Relevant Indication pursuant to Section 12.5, the following terms shall apply:

(a) all rights and licenses granted to Biosense by Rexahn under this Agreement shall terminate;

(b) the Parties shall have no further obligation to perform any activities under this Agreement other than as provided for or referenced in this Section 12.6.1 or in Section 12.7;

(c) upon the request of Rexahn, Biosense shall grant and hereby grants to Rexahn a perpetual, exclusive, irrevocable, royalty-free license, with the right to grant sublicenses (including through multiple tiers of Sublicensees), under any Patents and Know-How owned or controlled by Biosense and its Affiliates necessary or reasonably useful for the further development and commercialization of RX-3117 and Licensed Products in the Territory;

(d) upon the request of Rexahn, Biosense shall promptly transfer to Rexahn, or to a designee of Rexahn, all regulatory filings made with Regulatory Authorities in the Territory in connection with RX-3117 for the Lead Indication, the Initial Study Indications or any other Additional Indication, including all INDs and any foreign equivalents thereto filed in China or other countries or regions within the Territory; and

(e) with respect to any ongoing Clinical Trials of RX-3117 in the Territory: (i) if Rexahn notifies Biosense that it intends to continue any such ongoing Clinical Trials, then each Party shall cooperate with the other Party to facilitate the orderly transfer to Rexahn or its designee of the conduct of any such Clinical Trials as soon as reasonably practicable after the effective date of termination, and until such time as the conduct of such Clinical Trials has been successfully transferred to Rexahn or its designee, Biosense shall continue such Clinical Trials[***]; or (ii) if Rexahn notifies Biosense that it does not intend to continue any such ongoing Clinical Trials, or if this Agreement is terminated by either Party for a Safety Issue, then each Party shall cooperate with the other Party to wind down in accordance with Applicable Laws any ongoing Clinical Trials of RX-3117.

For clarity, if Biosense terminates this Agreement with respect to a Relevant Indication pursuant to Section 12.5, then the provisions of this Section 12.6.1 shall only apply to the extent applicable to the terminated Relevant Indication.

12.6.2 *Termination by Biosense for Cause or Insolvency*. In the event of a termination of this Agreement by Biosense pursuant to Section 12.3 or pursuant to Section 12.2.1, the following terms shall apply:

(a) all rights and licenses granted to Rexahn by Biosense under this Agreement, if any, shall terminate;

(b) the Parties shall have no further obligation to perform any activities under this Agreement other than as provided for or referenced in this Section 12.6.2 or in Section 12.7;

(c) [***];

(d) if Biosense elects to obtain the license described in Section 12.6.2(c) above, then Biosense shall be responsible at its sole cost and in its sole discretion for completing or winding down any ongoing Clinical Trials of RX-3117 in the Territory in accordance with Applicable Laws; provided, that Rexahn shall have no obligation to Biosense under this Agreement to continue to conduct any global Registration Enabling Clinical Trial for RX-3117 for the Lead Indication; and

(e) if Biosense does not elect to obtain the license described in Section 12.6.2(c) above, then Biosense shall be responsible at its sole cost for promptly winding down any ongoing Clinical Trials of RX-3117 in the Territory in accordance with Applicable Laws.

12.7 Accrued Rights; Surviving Provisions of this Agreement.

12.7.1 Termination or expiration of this Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such termination or expiration including the payment obligations under ARTICLE 6 hereof and any and all damages arising from any breach hereunder. Such termination or expiration shall not relieve any Party from obligations which are expressly indicated to survive termination of this Agreement.

12.7.2 The provisions of Sections 2.12 (for [***] years after the date of termination or expiration), 4.5, 6.9, 10.4, 10.5, 12.6 and this Section 12.7, ARTICLES 8, 9, 11 and 13, as well as any applicable definitions in ARTICLE 1 and any other provisions which are expressed to survive termination or expiration or which are required to give effect to such termination or expiration, shall survive the termination or expiration of this Agreement for any reason, in accordance with their respective terms and conditions, and for the duration stated, and where no duration is stated, shall survive indefinitely.

ARTICLE 13.
MISCELLANEOUS

13.1 Dispute Resolution. Unless otherwise set forth in this Agreement, in the event of a dispute arising under this Agreement between the Parties, either Party shall have a right to refer such dispute to the respective Executive Officers, and such Executive Officers shall attempt in good faith to resolve such dispute, including by the mean of exchanging written arguments. If the Parties are unable to resolve a given dispute pursuant to this Section 13.1 within [***] calendar days (which period can be extended upon mutual agreement) of referring such dispute to the Executive Officers, either Party may have the dispute settled by binding arbitration pursuant to Section 13.2; provided, that disputes that are subject to a Party's final decision-making authority pursuant to Section 3.1.4 shall not be submitted to arbitration.

13.2 Arbitration Request. If a Party intends to begin arbitration to resolve a dispute arising under this Agreement, such Party shall provide written notice (the "**Arbitration Request**") to the other Party of such intention and the issues for resolution. From the date of the Arbitration Request until such time as the dispute has become finally settled, the time period during which a Breaching Party must cure an alleged breach that is the subject matter of the dispute shall be suspended.

13.2.1 *Additional Issues*. Within [***] Business Days after the receipt of the Arbitration Request, the other Party may, by written notice, add additional issues for resolution.

13.2.2 *No Arbitration of Patent/Confidentiality Issues.* Unless otherwise agreed by the Parties, disputes relating to Patents and Know-How and non-disclosure, non-use and maintenance of Confidential Information shall not be subject to arbitration, and shall be submitted to a court of competent jurisdiction. For the sake of clarity, all discussions and any exchange of documents, written consultations or opinions relating to a dispute or the arbitration procedures set forth in this Section 13.2, shall be considered as a Confidential Information.

13.2.3 *Arbitration Procedure*. The arbitration shall be administered by the American Arbitration Association ("**AAA**") and be held in New York, New York, United States under the commercial arbitration rules of the AAA. The arbitration shall be conducted by three (3) arbitrators who shall each (a) be a lawyer of not less than [***] years' standing who is knowledgeable in the law concerning the subject matter at issue in the dispute, (b) not be or have been an employee, consultant, officer, director or stockholder of either Party or any Affiliate of either Party and (c) not have a conflict of interest under any applicable rules of ethics. Each arbitrator shall be selected by mutual agreement of the Parties, provided that if the Parties cannot agree on the arbitrator within [***]Business Days of the relevant Arbitration Request, such arbitrator shall be selected by the New York, New York office of the AAA. The arbitrators may proceed to an award, notwithstanding the failure of either Party to participate in the proceedings. The arbitrators shall, within [***] calendar days after the conclusion of the arbitration hearing, issue a written award and statement of decision describing the essential findings and conclusions on which the award is based, including the calculation of any damages awarded. The arbitrators shall be authorized to award compensatory damages, but shall not be authorized to award non-economic damages or punitive, special, consequential, or any other similar form of damages, or to reform, modify or materially change this Agreement. The arbitrators also shall be authorized to grant any temporary, preliminary or permanent equitable remedy or relief the arbitrator deems just and equitable and within the scope of this Agreement, including an injunction or order for specific performance. The award of the arbitrators shall be the sole and exclusive remedy of the Parties (except for those remedies set forth in this Agreement), the Parties hereby expressly agree to waive the right to appeal from the decisions of the arbitrators, and there shall be no appeal to any court or other authority (government or private) from the decision of the arbitrators. Judgment on the award rendered by the arbitrators may be enforced in any court having competent jurisdiction thereof, subject only to revocation on grounds of fraud or clear bias on the part of the arbitrators. Notwithstanding anything contained in this Section 13.2 to the contrary, each Party shall have the right to institute judicial proceedings against the other Party or anyone acting by, through or under such other Party, in order to enforce the instituting Party's rights hereunder through specific performance, injunction or similar equitable relief.

13.2.4 *Costs*. Each Party shall bear its own attorneys' fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the arbitrators; provided, that the arbitrator shall be authorized to determine whether a Party is the prevailing Party, and if so, to award to that prevailing Party reimbursement for its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges and travel expenses), unless an arbitration award provides otherwise.

13.2.5 *Preliminary Injunctions*. Notwithstanding anything in this Agreement to the contrary, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrators on the ultimate merits of any dispute.

13.2.6 *Confidentiality*. All proceedings and decisions of the arbitrators shall be deemed Confidential Information of each of the Parties, and shall be subject to ARTICLE 8.

13.3 **Governing Law.** This Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with the laws of the State of New York without reference to conflicts of laws principles which would direct the application of the laws of another jurisdiction.

13.4 **Assignment.** Neither this Agreement nor any obligation of a Party hereunder may be assigned by either Party without the consent of the other which shall not be unreasonably withheld, conditioned or delayed, except that each Party may assign this Agreement and the rights, obligations and interests of such Party, in whole or in part, to any of its Affiliates, to any purchaser of all or substantially all of its assets or all or substantially all of its assets to which this Agreement relates, or to any successor corporation resulting from any merger, consolidation, share exchange or other similar transaction; provided, that in each instance the assignee expressly assumes all obligations imposed on the assigning Party by this Agreement in writing and the other Party is notified in advance of such assignment. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Any purported assignment in violation of this Section 13.4 shall be null and void.

13.5 **Performance Warranty.** Each Party hereby acknowledges and agrees that it shall be responsible for the full and timely performance as and when due under, and observance of all the covenants, terms, conditions and agreements set forth in this, Agreement by its Affiliate(s) and Sublicensees.

13.6 **Force Majeure.** Neither Biosense nor Rexahn shall be liable for failure of or delay in performing obligations set forth in this Agreement, and neither shall be deemed in breach of its obligations, if such failure or delay is due to any occurrence beyond the reasonable control of a Party that (a) prevents or substantially interferes with the performance by such Party of any of its obligations hereunder and (b) occurs by reason of any act of God, flood, fire, explosion, earthquake, strike, lockout, labor dispute, casualty or accident, or war, revolution, civil commotion, act of terrorism, blockage or embargo, or any injunction, law, order, proclamation, regulation, ordinance, demand or requirement of any government or of any subdivision, authority or representative of any such government (a "**Force Majeure**"). In event of such Force Majeure, the Party affected shall use reasonable efforts to cure or overcome the same and resume performance of its obligations hereunder.

13.7 **Notices.** Any notice or request required or permitted to be given under or in connection with this Agreement shall be deemed to have been sufficiently given if in writing and personally delivered or sent by certified mail (return receipt requested), e-mail transmission (receipt verified), or overnight express courier service (signature required), prepaid, to the Party for which such notice is intended, at the address set forth for such Party below:

If to Rexahn, addressed to: **Rexahn Pharmaceuticals, Inc.**
15245 Shady Grove Road, Suite 455
Rockville, MD 20850
Attn: Chief Executive Officer
E-mail: [***]

With a copy to: **Hogan Lovells US LLP**
100 International Drive, Suite 2000
Baltimore, Maryland 21202
Attn: Asher M. Rubin
Telephone: [***]
E-mail: [***]

If to Biosense, addressed to: **Biosense Global LLC**
1 Meadowlands Plaza, Suite 800
East Rutherford, NJ 07073
Attention: Andy Li, Chief Executive Officer
E-mail: [***]

or to such other address for such Party as it shall have specified by like notice to the other Parties, provided that notices of a change of address shall be effective only upon receipt thereof. If delivered personally or by e-mail, the date of delivery shall be deemed to be the date on which such notice or request was given. If sent by overnight express courier service, the date of delivery shall be deemed to be the next Business Day after such notice or request was deposited with such service. If sent by certified mail, the date of delivery shall be deemed to be the third (3rd) Business Day after such notice or request was deposited with the U.S. Postal Service.

13.8 Waiver. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

13.9 Severability. If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

13.10 Independent Contractors. Nothing herein shall be construed to create any relationship of employer and employee, agent and principal, partnership or joint venture between the Parties. Each Party is an independent contractor. Neither Party shall assume, either directly or indirectly, any liability of or for the other Party. The Parties shall not have the authority to bind or obligate the other Party and neither Party shall represent that it has such authority.

13.11 Headings; Interpretation. Headings used herein are for convenience only and shall not in any way affect the construction of or be taken into consideration in interpreting this Agreement. Further, in this Agreement: (a) the word "including" shall be deemed to be followed by the phrase "without limitation" or like expression; (b) the singular shall include the plural and vice versa; and (c) masculine, feminine and neuter pronouns and expressions shall be interchangeable.

13.12 Further Actions. Each Party shall execute, acknowledge and deliver such further instruments, and do all such other acts, as may be necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

13.13 Construction of Agreement. The terms and provisions of this Agreement represent the results of negotiations between the Parties and their representatives, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereto hereby waives the application in connection with the interpretation and construction of this Agreement of any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement.

13.14 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original, notwithstanding variations in format or file designation which may result from the electronic transmission, storage and printing of copies of this Agreement from separate computers or printers. Facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

13.15 Entire Agreement. This Agreement sets forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto and supersedes and terminates all prior agreements and understandings between the Parties on the subject matter hereof. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Parties have caused this Collaboration and License Agreement to be executed by their duly authorized representatives as of the Effective Date.

REXAHN PHARMACEUTICALS, INC.

By: /s/ Douglas J. Swirsky

Name: Douglas J. Swirsky

Title: President & CEO

BIOSENSE GLOBAL LLC

By: /s/ Andy Li

Name: Andy Li

Title: CEO & President

Exhibit 31.1

CERTIFICATION PURSUANT TO RULES 13A-14(D)
AND 15D-14(D)

I, Douglas J. Swirsky certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rexahn Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2019
/s/ Douglas J. Swirsky
Douglas J. Swirsky
Chief Executive Officer and President

Exhibit 32.1

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350

SECTION 1350 CERTIFICATION*

In connection with the Quarterly Report of Rexahn Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas J. Swirsky, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: August 7, 2019

By: /s/ Douglas J. Swirsky
Douglas J. Swirsky,
Chief Executive Officer and President

* This Certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This Certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.