

ADEONA PHARMACEUTICALS, INC.
Form DEF 14A
June 20, 2011

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

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

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

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

ADEONA PHARMACEUTICALS, INC.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
 No fee required.
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(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

3985 RESEARCH PARK DRIVE, SUITE 200
ANN ARBOR, MICHIGAN 48108
(734) 332-7800

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Adeona Pharmaceuticals, Inc.:

We hereby notify you that the 2011 annual meeting of stockholders of Adeona Pharmaceuticals, Inc., a Nevada corporation, will be held on July 19, 2011 at 9:00 a.m. (Eastern time), at 3985 Research Park Drive, Suite 200, Ann Arbor, Michigan 48108 for the following purposes:

- (1) to elect five directors to our board of directors to hold office until our next annual meeting of stockholders and until their successors are elected;
- (2) to ratify the appointment of Berman & Company, P.A. as our independent registered public accounting firm for our fiscal year ending on December 31, 2011; and
- (3) to transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

The matters listed in this notice of meeting are described in detail in the accompanying proxy statement. Our board of directors has fixed the close of business on May 27, 2011 as the record date for determining those stockholders who are entitled to notice of and to vote at the meeting or any adjournment or postponement of our 2011 annual meeting. The list of the stockholders of record as of the close of business on May 27, 2011 will be made available for inspection at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS:

THE NOTICE OF ANNUAL MEETING OF STOCKHOLDERS, THE PROXY STATEMENT AND THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2010 ARE AVAILABLE ELECTRONICALLY TO THE COMPANY'S STOCKHOLDERS OF RECORD AS OF THE CLOSE OF BUSINESS ON MAY 27, 2011 AT WWW.ADEONAPHARMA.COM.

Along with the attached proxy statement, we are sending to you our Annual Report on Form 10-K for our fiscal year ended December 31, 2010. Such annual report, which includes our audited financial statements, is not to be regarded as proxy solicitation material.

YOUR VOTE IS IMPORTANT

Even if you plan to attend the meeting, please sign, date, and return the enclosed proxy card in the envelope provided so that your vote will be counted if you later decide not to attend the meeting. No postage is required if the proxy card is mailed in the United States.

By order of the board of directors,

/s/ James S. Kuo
Chairman, President, Chief Executive Officer and
Chief Financial Officer
Ann Arbor, Michigan

June 20, 2011

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ADEONA PHARMACEUTICALS, INC.
3985 RESEARCH PARK DRIVE, SUITE 200
ANN ARBOR, MICHIGAN 48108
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PROXY STATEMENT

This proxy statement is being furnished to holders of shares of common stock, \$.001 par value per share, of Adeona Pharmaceuticals, Inc., a Nevada corporation (“we,” “us,” or the “Company”), in connection with the solicitation of proxies on behalf of our board of directors for use at the Company’s 2011 annual meeting of stockholders to be held on July 19, 2011 at 9:00 a.m. (Eastern time), at Adeona Pharmaceuticals, Inc., 3985 Research Park Drive, Suite 200, Ann Arbor, Michigan 48108, and at any adjournment or postponement of our annual meeting. The purpose of the annual meeting and the matters to be acted on are stated in the accompanying notice of annual meeting of stockholders. The board of directors knows of no other business that will come before the annual meeting.

The notice of our 2011 annual meeting, this proxy statement, and a proxy card, together with our Annual Report on Form 10-K for our fiscal year ended December 31, 2010, are being mailed to our stockholders on or about June 20, 2011. (Such annual report, which includes our audited financial statements, is not to be regarded as proxy solicitation material.) The Company will bear the cost of its solicitation of proxies. The original solicitation of proxies by mail may be supplemented by personal interview, telephone, or facsimile by our directors, officers, or employees, who will receive no additional compensation for such services. Arrangements will be made with brokerage houses and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held by any such persons, and we will reimburse those custodians, nominees, and fiduciaries for the reasonable out-of-pocket expenses incurred by them in doing so.

Our board of directors is soliciting votes FOR each of the nominees for election to our board of directors and FOR the ratification of the appointment of Berman & Company, P.A. as our independent registered public accounting firm for our fiscal year ending on December 31, 2011.

INFORMATION ABOUT VOTING

Q: Why am I receiving these materials?

A: The board of directors is providing these proxy materials for you in connection with our 2011 annual meeting of stockholders, which is scheduled to take place on July 19, 2011. As a stockholder of record as of May 27, 2011, you are invited to attend the annual meeting and to vote on the items of business described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of our directors and executive officers, and other required information.

Q: What items of business will be voted on at the annual meeting?

A: The two items of business scheduled to be voted on at the annual meeting are (1) the election of our directors and (2) the ratification of our independent auditors. We will also consider any other business that properly comes before the annual meeting.

Q: How does the board of directors recommend that I vote?

A:

The board of directors recommends that you vote your shares FOR each of the nominees to our board and FOR ratification of the independent auditors.

Q: What shares can I vote?

A: You may vote or cause to be voted all shares owned by you as of the close of business on May 27, 2011, the record date. These shares include (1) shares held directly in your name as a stockholder of record; and (2) shares held for you, as the beneficial owner, through a broker or other nominee, such as a bank.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most of our stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

If your shares are registered directly in your name with our transfer agent, Corporate Stock Transfer, Inc., you are considered, with respect to those shares, the stockholder of record and these proxy materials are being sent directly to you by the Company. As the stockholder of record, you have the right to grant your voting proxy directly to the board of directors or to vote in person at the meeting. The board of directors has enclosed a proxy card for you to use to grant a voting proxy to the board of directors.

If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by your broker or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. Since you are not the shareholder of record, however, you may not vote these shares in person at the meeting unless you obtain from the broker or nominee that holds your shares a valid proxy from them giving you the right to vote the shares. Your broker or nominee should have enclosed or provided voting instructions for you to use in directing the broker or nominee how to vote your shares. If you hold your shares through a broker and you do not give instructions to the record holder on how to vote, the record holder will be entitled to vote your shares in its discretion on certain matters considered routine, such as the ratification of the appointment of independent auditors. Because of recent rule changes, the uncontested election of directors is no longer considered a routine matter. Therefore, brokers do not have the discretion to vote on the election of directors. If you hold your shares in street name and you do not instruct your broker how to vote in these matters, no votes will be cast on your behalf. These "Broker non-votes" will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but not as shares entitled to vote on a particular proposal.

Q: May I attend the annual meeting?

A: You are entitled to attend the annual meeting only if you were a stockholder of the Company as of the close of business on May 27, 2011, or you hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. If you are not a record holder but hold shares beneficially through a broker or nominee (that is, in "street name"), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to May 27, 2011, a copy of the voting instruction card provided by your broker or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the annual meeting. The annual meeting will begin promptly at 9:00 a.m. (Eastern time). Check-in will begin at 8:30 a.m., and you should allow ample time for the check-in procedures.

Q: How can I vote my shares in person at the annual meeting?

A: You may vote by ballot in person at the annual meeting any shares that you hold as the stockholder of record. You may only vote in person shares held in street name if you obtain from the broker or nominee that holds your shares a valid proxy giving you the right to vote the shares.

Q: How can I vote my shares without attending the annual meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may, without attending the meeting, direct how your shares are to be voted. If you are a stockholder of record, you may cause your shares to be voted as you instruct by granting a proxy to our board of directors. If you hold shares in street name, you may cause your shares to be voted as you instruct by submitting voting instructions to your broker or nominee. Each record holder of our common stock may appoint a proxy by completing, signing, and dating a proxy card and mailing it in the accompanying pre-addressed envelope. Each stockholder who holds shares in street name may vote by mail by completing, signing, and dating a voting instruction card provided by the broker or nominee and following the other instructions of your

broker or nominee.

Q: Can I change my vote?

A: You may change your vote at any time prior to the vote at the annual meeting. For shares held directly in your name, you may accomplish this by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially, you may change your vote by submitting new voting instructions to your broker or nominee or, if you have obtained a valid proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person. You may also change your vote by sending a written notice of revocation to Dr. James S. Kuo, Chairman, Adeona Pharmaceuticals, Inc., 3985 Research Park Drive, Suite 200, Ann Arbor, Michigan 48108.

Q: Can I revoke my proxy?

A: You may revoke your proxy before it is voted at the meeting. To revoke your proxy, notify our corporate secretary in writing, or deliver to our corporate secretary a duly executed proxy bearing a later date. You may also revoke your proxy by appearing at the meeting in person and voting your shares. Attendance at the meeting will not, by itself, revoke a proxy.

Q: Who can help answer my questions?

A: If you have any questions about the annual meeting or how to vote or revoke your proxy, or you need additional copies of this proxy statement or voting materials, you should contact Lara M. Guzman, Vice President of Administration, Secretary and Treasurer, Adeona Pharmaceuticals, Inc., 3985 Research Park Drive, Suite 200, Ann Arbor, Michigan 48108, (734) 332-7800.

Q: How are votes counted?

A: In the election of directors, you may vote FOR all of the five nominees or you may direct your vote to be WITHHELD with respect to any one or more of the five nominees.

With respect to the other proposal, you may vote FOR, AGAINST, or ABSTAIN. On this proposal, if you vote ABSTAIN, it has the same effect as a vote AGAINST.

If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card or voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the board of directors, namely FOR all of the Company's nominees, and FOR ratification of the independent auditors. If any other matters properly arise at the meeting, your proxy, together with the other proxies received, will be voted at the discretion of the proxy holders.

Q: What is a quorum and why is it necessary?

A: Conducting business at the meeting requires a quorum. The presence, either in person or by proxy, of the holders of a majority of our shares of common stock outstanding on May 27, 2011 is necessary to constitute a quorum. Abstentions are treated as present for purposes of determining whether a quorum exists. Broker non-votes (which result when your shares are held in "street name" and you do not tell the nominee how to vote your shares) are relevant in determining whether a quorum is present at the meeting

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the five persons receiving the highest number of FOR votes at the annual meeting will be elected. Accordingly, withheld votes and broker non-votes have no effect on the election of any nominee. You do not have the right to cumulate your votes.

The other proposal requires the affirmative FOR vote of a majority of those shares present in person or represented by proxy and entitled to vote on that proposal at the annual meeting. Accordingly, abstentions on this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on this proposal.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date, and return each proxy card and voting instruction card that you receive.

Q: Where can I find the voting results of the annual meeting?

A: We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K which will be filed within four days of the meeting.

Q: What happens if additional matters are presented at the annual meeting?

A: Other than the two items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Dr. James S. Kuo, our Chief Executive Officer, Chief Financial Officer, President and Chairman, and Mr. Steve H. Kanzer, a director, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for any one or more other candidates nominated by the board of directors.

Q: How many shares are outstanding and how many votes is each share entitled?

A: Each share of our common stock that is issued and outstanding as of the close of business on May 27, 2011, the record date, is entitled to be voted on all items being voted on at the annual meeting, with each share being entitled to one vote on each matter. On the record date, 27,997,644 shares of common stock were issued and 28,079,126 shares of common stock were outstanding.

Q: Who will count the votes?

A: One or more inspectors of election will tabulate the votes.

Q: Is my vote confidential?

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within the Company or to anyone else, except (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; or (3) to facilitate a successful proxy solicitation.

Q: Who will bear the cost of soliciting votes for the annual meeting?

A: The board of directors is making this solicitation on behalf of the Company, which will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. Certain of our directors, officers, and employees, without any additional compensation, may also solicit your vote in person, by telephone, or by electronic communication. On request, we will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders

Q: May I propose actions for consideration at next year's annual meeting of stockholders?

A: You may submit proposals for consideration at future stockholder meetings. In order for a stockholder proposal to be considered for inclusion in the proxy statement for our annual meeting next year, however, the written proposal must be received by us by February 20, 2012. Those proposals also will need to be received by us a reasonable time before we begin to print and send our proxy materials for that meeting and must comply with Securities and Exchange Commission regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials.

**PROPOSAL ONE
ELECTION OF DIRECTORS**

The board of directors, based on the recommendation of the nominations committee of the board of directors, has nominated for annual election as director each of the individuals identified below, all of whom are incumbent directors.

THE NOMINEES

Name	Age	Position	Director Since
James S. Kuo, M.D., M.B.A.	46	Chairman, Chief Executive Officer, Chief Financial Officer and President	2007

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Steve H. Kanzer, C.P.A., Esq.	47	Director	2001
Jeffrey J. Kraws, M.B.A. (2)	46	Director	2006
Jeff Lucerno Riley, M.B.A. (1)(3)	48	Director	2010
Jeffrey Wolf, M.B.A., Esq. (1)(2)(3)	48	Director	2006

- (1) Member of the audit committee
- (2) Member of the compensation committee
- (3) Member of the nominations committee

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE YOUR SHARES FOR THE ELECTION OF EACH OF THESE NOMINEES.

It is the intention of the persons named in the accompanying proxy card to vote all shares of common stock for which they have been granted a proxy for the election of each of the nominees, each to serve as a director until the next annual meeting of stockholders and until his successor shall have been duly elected and qualified. All the nominees have consented to being named in this proxy statement and to serve as a director if elected. At the time of the annual meeting, if any of the nominees named above is not available to serve as director (an event that the board of directors does not currently have any reason to anticipate), all proxies will be voted for any one or more other persons that the board of directors designates. The board of directors believes that it is in the best interests of the Company to elect the above-described nominees.

DIRECTOR INDEPENDENCE

No director or executive officer of the Company is related to any other director or executive officer. None of the Company's officers or directors hold any directorships in any other public company. A majority of our board members are independent in compliance with the applicable listing standards of the NYSE Amex stock exchange. The independent directors and nominees are Jeffrey J. Kraws, Jeffrey Wolf, and Jeff Riley.

INFORMATION ABOUT THE NOMINEES

Stated below is the principal occupation of each nominee, the business experience of each nominee for at least the past five years, and certain other information relating to the nominees.

JAMES S. KUO, M.D., M.B.A. Dr. Kuo has been a director since February of 2007. Effective February 6, 2010, Dr. Kuo was appointed as our Chairman of the Board, Chief Executive Officer, Chief Financial Officer and President. Dr. Kuo was the Chairman and Chief Executive Officer of Cordex Pharma, Inc., a public biopharmaceutical company, from September of 2007 until February 1, 2010 and remained as a director until March 13, 2010. From 2003 to 2006, he served as founder, Chairman and Chief Executive Officer of BioMicro Systems, Inc., a private venture-backed, microfluidics company. Prior to that time, Dr. Kuo was a founder, President and Chief Executive Officer of Discovery Laboratories, Inc. where he raised over \$22 million in initial private funding and was instrumental in the company going public. Dr. Kuo was also a founder and board member of Monarch Labs, LLC, a private medical device company. Dr. Kuo is the former Managing Director of Venture Analysis for Healthcare Ventures, LLC, which managed \$378 million in venture funds. He has also been a senior licensing and business development executive at Pfizer, Inc., where he was directly responsible for cardiovascular licensing and development. After studying molecular biology and receiving his B.A. at Haverford College, Dr. Kuo simultaneously earned an M.D. from the University of Pennsylvania School of Medicine and an M.B.A. from the Wharton School of Business. He holds a B.A. in molecular biology from Haverford College. From 2004 until October of 2009 Dr. Kuo also served as a director of Soligenix, Inc.

Dr. Kuo brings to the board of directors significant executive leadership and operational experience. Dr. Kuo's prior business experience and board service, along with his tenure at the Company, gives him a broad and extensive understanding of our operations and the proper role and function of the board of directors. His prior service on the board of other public companies has provided him with a strong corporate governance expertise. In addition, his medical background allows him to bring to the board of directors extensive knowledge about our industry. Due to his business background, he has a broad understanding of the operational, financial and strategic issues facing public companies.

STEVE H. KANZER, CPA, ESQ. Mr. Kanzer is a co-founder and served as our President from our inception in February of 2001 until May of 2006. Mr. Kanzer previously served as our Chief Executive Officer from September of 2004 until November of 2008, Chairman of the Board until February 6, 2010 and currently serves as a director. Mr. Kanzer has also been a director and officer of our subsidiaries, including Solovax, Inc., Effective Pharmaceuticals, Inc., Putney Drug Corp. Epitope Pharmaceuticals, Inc. and CD4 Biosciences, Inc. Since December 2000, he has

served as co-founder and Chairman of Accredited Ventures Inc. and Accredited Equities Inc., a venture capital firm and investment bank, respectively, which both specialize in the biotechnology industry. Prior to founding Accredited Ventures and Accredited Equities in December 2000, Mr. Kanzer served as Senior Managing Director-Head of Venture Capital at Paramount Capital from 1991 until December of 2000. While at Paramount Capital, Mr. Kanzer was involved in the formation and financing of a number of biotechnology companies and held various positions in these companies. Prior to joining Paramount Capital in 1992, Mr. Kanzer was an attorney at the law firm of Skadden, Arps, Slate, Meagher & Flom in New York where he specialized in mergers and acquisitions. Mr. Kanzer received a J.D. from New York University School of Law in 1988 and a B.B.A. in Accounting from Baruch College in 1985, where he was a Baruch Scholar. Mr. Kanzer is active in university-based pharmaceutical technology licensing and has served as Co-Chair of the New York Chapter of the Licensing Executives Society.

Mr. Kanzer has been associated with the Company since inception and brings to the board of directors extensive knowledge about our business operations and in particular our licenses and products. Mr. Kanzer also brings to the board of directors significant executive leadership and operational experience. Mr. Kanzer's legal background provides him with a broad understanding of the legal issues facing the Company, the financial markets and the financing opportunities available to the Company.

JEFFREY J. KRAWS, M.B.A. Mr. Kraws has been a director since January of 2006. Mr. Kraws is Chief Executive Officer and co-founder of Crystal Research Associates. Well known and respected on Wall Street, Mr. Kraws has received some of the most prestigious awards in the industry. Among other awards, he was given a “5-Star Rating” in 2001 by Zacks and was ranked the number one analyst among all pharmaceutical analysts for stock performance in 2001 by Starmine.com. Prior to founding Crystal Research Associates, Mr. Kraws served as co-president of The Investor Relations Group (IRG), a firm representing primarily under-followed, small-capitalization companies. Previously, Mr. Kraws served as a managing director of healthcare research for Ryan Beck & Co. and as director of research/senior pharmaceutical analyst and managing director at Gruntal & Co., LLC (prior to its merger with Ryan Beck & Company). Mr. Kraws served as managing director of the healthcare research group and senior pharmaceutical analyst at First Union Securities (formerly EVEREN Securities); as senior U.S. pharmaceutical analyst for the Swedish-Swiss conglomerate Asea Brown Boveri; and as managing director and president of the Brokerage/Investment Banking operation of ABB Aros Securities, Inc. He also served as senior pharmaceutical analyst at Nationsbank Montgomery Securities, BT Alex Brown & Sons, and Buckingham Research. Mr. Kraws also has industry experience, having been responsible for competitive analysis within the treasury group at Bristol-Myers-Squibb Company. He holds an M.B.A. from Cornell University and a B.S. degree from State University of New York-Buffalo. During 2006 through February of 2007, Mr. Kraws served as our Vice President of Business Development, on a part-time basis.

Mr. Kraws brings a strong business background to the Company, having worked as a pharmaceutical analyst for over 22 years. Mr. Kraws brings to the board of directors significant strategic, business and financial experience related to the business and financial issues facing pharmaceutical companies. Mr. Kraws has a broad understanding of the operational, financial and strategic issues facing pharmaceutical companies. Through his services as the Company’s Vice President of Business Development during 2006 and a part of 2007, he developed extensive knowledge of the Company’s business.

JEFF LUCERO RILEY, M.B.A. Mr. Riley has been a director since March 16, 2010. Since November of 2009, Mr. Riley has served as the Managing Director of Black Crow Ventures, a life science-focused consulting firm with a commercial and transactional focus. He sits on the advisory boards of an Australia-based venture fund (Queensland Biocapital Fund) and Ruga Corporation, a Stanford University spin-out drug discovery company focused on endoplasmic reticulum stress targets. Mr. Riley has held senior corporate and commercial development positions with biotech companies Amphora Discovery, Ontogen Corporation, and AvMax. In these positions, he was responsible for raising equity and negotiating alliances including in-licensing, out-licensing, distribution agreements, technology acquisitions and research agreements with large pharmaceutical companies and government agencies. Mr. Riley’s pharmaceutical experience includes commercial management and mergers and acquisition roles for Pfizer and SmithKline Beecham. Additionally, Mr. Riley served as CFO and VP Corporate Development for Nichols Institute Diagnostics, a CLIA-certified molecular diagnostics and reference lab, later acquired by Quest Diagnostics. Prior to attending university, Mr. Riley served in the U.S. Army. Mr. Riley’s education includes: a B.S. in International Relations, a B.S. in Biology (Boise State), coursework at UCSF/Berkeley in drug discovery/development and participated in a dual-degree graduate program, an M.B.A./M.I.M. sponsored by Arizona State University and the American Graduate School of International Management (Thunderbird).

Mr. Riley brings to the board of directors extensive knowledge of the pharmaceutical industry. Having served in senior corporate positions in biotech and pharmaceutical companies he has a vast knowledge of the industry. His business experience provides him with a broad understanding of the operational, financial and strategic issues facing public companies.

JEFFREY WOLF, M.B.A., ESQ. Mr. Wolf has substantial experience in creating, financing, nurturing and growing new ventures based upon breakthrough research and technology. Mr. Wolf is the founding partner of Seed-One Ventures, LLC, a venture capital group focused on seed-stage technology-based investments. Mr. Wolf has been a

founder of Elusys Therapeutics, Inc., an antibody-based therapeutic company, Tyrx Pharma, Inc., a biopolymer-based company, Sensatex, Inc., a medical device company and Generation Mobile, Inc. a telecommunications company. Prior to founding Seed-One Ventures, Mr. Wolf served as the Managing Director of The Castle Group, Ltd., a biomedical venture capital firm. At both organizations, Mr. Wolf was responsible for supervising the formation and funding of new technology, biomedical, and service oriented ventures. Mr. Wolf currently sits on the board of Elusys Therapeutics and Netli, Inc. Mr. Wolf received an M.B.A. from Stanford Business School, a J.D. from New York University School of Law and a B.A. with honors in Economics from the University of Chicago.

Mr. Wolf also has extensive knowledge of the industry and in particular research and development. His legal and business background provide him with a broad understanding of the legal, operational, financial and strategic issues facing the Company. Having served as a board member on other public company boards, Mr. Wolf has an extensive understanding of the operational, financial and strategic issues facing public companies.

INFORMATION REGARDING THE COMMITTEES OF THE BOARD OF DIRECTORS

We formed an audit committee, compensation committee and nominations committee of our board of directors in 2007.

Audit Committee

The members of the audit committee are Mr. Wolf (Chairman) and Mr. Riley. The primary purpose of the audit committee is to act on behalf of the board of directors in its oversight of all material aspects of the Company's accounting and financial reporting processes, internal controls and audit functions, including the Company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

The duties of the audit committee include the hiring and retaining of the Company's independent registered public accounting firm, which reports to the audit committee. The committee also reviews, prior to publication, our quarterly earnings releases and our reports to the Securities and Exchange Commission on Forms 10-K and 10-Q. The formal report of the audit committee for fiscal year 2010 is set forth under the caption "Report of the Audit Committee" in Proposal Two.

Our board of directors has determined that each of the members of its audit committee are independent and that each of Mr. Wolf and Mr. Riley is an audit committee "financial expert" within the meaning of the regulations of the United States Securities and Exchange Commission.

The audit committee has adopted a formal written charter, a copy of which is available on our website at www.adeonapharma.com in the Investors section of the site.

Compensation Committee

The members of the compensation committee are Mr. Wolf (Chairman) and Mr. Kraws. This committee determines, approves, and reports to the board of directors on all elements of compensation of our executive officers. The compensation committee also has the power to prescribe, amend, and rescind rules relating to the Company's stock incentive plans, to grant options and other awards under the stock incentive plans, and to interpret the stock incentive plans.

Each of Messrs. Wolf and Kraws are "independent" under the applicable rules of the NYSE Amex, LLC.

The compensation committee operates under a formal charter that governs its duties and standards of performance. A copy of the charter is available on our website at www.adeonapharma.com in the Investors section of the site.

Our compensation committee annually reviews the compensation program for our Chief Executive Officer and other members of senior management and then makes recommendations to the full board for determination. In each case, the committee takes into account the results achieved by the executive, his future potential, and his scope of responsibilities and experience. During our fiscal year ended December 31, 2010, the committee evaluated the performance of our executives and considered the compensation levels and equity programs at comparable companies and related industries before it made its compensation recommendations to the full board, including recommendations regarding salary increases, awards of cash bonuses and awards of stock options.

The committee's philosophy is to provide a compensation package that attracts and retains superior executive talent and delivers higher rewards for superior performance and consequences for underperformance. It is also the committee's practice to provide a balanced mix of cash and equity-based compensation that aligns both the short and

long-term interests of our executives with that of our stockholders.

The committee seeks to attract and retain executive talent by offering competitive base salaries, annual performance incentive opportunities and long-term incentives. Base salaries for certain executives is set by their respective employment contracts. Apart from these contractual commitments, the committee intends to maintain base salaries at competitive levels in the marketplace for comparable executive ability and experience. The committee therefore compares the compensation for our senior management with the compensation at several comparable companies, including those companies that are included in the S&P SmallCap 600 Pharmaceuticals index. The committee also considers changes in the consumer price index when determining base salaries.

The committee also makes recommendations to the full board for determining annual incentive bonuses. Although the committee does not use any fixed formula in determining annual incentive bonuses, it does link them to financial objectives of importance to the Company, including revenue and earnings growth, return on invested capital, and creation of stockholder value. The committee focuses on individual performance, which enables the committee to differentiate among executives and emphasize the link between personal performance and compensation.

The committee also reviews and recommends long-term incentive compensation for each executive including grants of stock options. The committee believes that this long-term incentive compensation aligns the interests of the Company's executives with those of its stockholders and furthers executive reten