PROVECTUS PHARMACEUTICALS INC
Form 10QSB
August 14, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 0-9410

PROVECTUS PHARMACEUTICALS, INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

NEVADA	90-0031917
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
7327 OAK RIDGE HIGHWAY SUITE A, KNOXVILLE, TN	37931
(Address of Principal Executive Offices)	(Zip Code)

865/769-4011

(Issuer's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address & Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer: (1) 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 |X| No |_|

The number of shares outstanding of the issuer's stock, $0.001 par value per share, as of August 13, 2003 was 9,487,689.

Transitional Small Business Disclosure Format (check one): Yes |_| No |X|

PROVECTUS PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-QSB

TABLE OF CONTENTS

PROVECTUS PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-QSB

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

PROVECTUS PHARMACEUTICALS, INC.
(A DEVELOPMENT-STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2003	
	(UNAUDITED)	
ASSETS		
CURRENT ASSETS		
Cash	$ 35,193	$
Inventory	72,135	
Prepaid expenses	20,876	
Prepaid consulting expense (Note 5(c))	84,174	
TOTAL CURRENT ASSETS	212,378	
EQUIPMENT AND FURNISHINGS, less accumulated depreciation of $154,307 and $39,446	211,868	
PATENTS, net of amortization of $707,843 and $133,916	19,329,718	
OTHER ASSETS	27,000	
	$ 19,780,964	$
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable - trade	$ 228,939	$
Accrued expenses	103,170	
TOTAL CURRENT LIABILITIES	332,109	
LOAN FROM STOCKHOLDER	109,000	

CONVERTIBLE LONG-TERM DEBT (net of debt discount of $89,031 and $120,344)	936,928	
STOCKHOLDERS' EQUITY		
Common stock; par value $.001 per share; 100,000,000 shares authorized; 9,487,689 and 9,423,689 shares issued and outstanding, respectively	9,488	
Paid-in capital	27,293,999	
Accumulated deficit	(8,900,560)	
TOTAL STOCKHOLDERS' EQUITY	18,402,927	
	$ 19,780,964	$

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30, 2003	Three Months ENDED June 30, 2002	SIX MONTHS ENDED JUNE 30, 2003	
	(UNAUDITED)	(Unaudited)	(UNAUDITED)	(Un
OPERATING EXPENSES				
Research and development	$ 80,503	$ -	$ 236,286	$
General and administrative	435,425	6,405,250	947,342	6,
Amortization	286,964	-	573,927	
Total operating loss	(802,892)	(6,405,250)	(1,757,555)	(6,
Gain on sale of fixed assets	55,000	-	55,000	
Net interest (expense) income	(38,230)	18	(76,251)	
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (786,122)	$ (6,405,232)	$ (1,778,806)	$ (6,
BASIC AND DILUTED LOSS PER COMMON SHARE	(0.08)	(0.79)	(0.19)	

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	9,487,689	8,060,132	9,470,033	7,

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

	Common Stock		
	Number of Shares	Par Value	Paid-in Capital
BALANCE, at January 17, 2002	-	$ -	$ -
Issuance to founding stockholders	6,000,000	6,000	(6,000)
Sale of stock	50,000	50	24,950
Issuance of stock to employees	510,000	510	931,490
Issuance of stock for services	120,000	120	359,880
Net loss for the period from January 17, 2002 (inception) to April 23, 2002 (date of reverse merger)	-	-	-
BALANCE, at April 23, 2002	6,680,000	6,680	1,310,320
Shares issued in reverse merger	265,763	266	(3,911)
Issuance of stock for services	1,900,000	1,900	5,142,100
Purchase and retirement of stock	(400,000)	(400)	(47,600)
Stock issued for acquisition of Valley Pharmaceuticals	500,007	500	20,547,935
Exercise of warrants	452,919	453	-
Warrants issued in connection with convertible debt	-	-	126,587
Stock and warrants issued for acquisition of Pure-ific	25,000	25	26,975
Net loss for the period from April 23, 2002 (date of reverse merger) to December 31, 2002	-	-	-
BALANCE, at December 31, 2002	9,423,689	9,424	27,102,406

Issuance of stock for services	64,000	64	22,736
Issuance of warrants for services	-	-	141,351
Employee compensation from stock options	-	-	27,506
Net loss for the six months ended June 30, 2003	-	-	-
	9,487,689	$ 9,488	$ 27,293,999

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2003	For the Period From January 17, 2002 (Inception) to June 30, 2002	Ja
	(UNAUDITED)	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (1,778,806)	$ (6,416,198)	$
Adjustments to reconcile net income to net cash used in operating activities			
Depreciation	137,861	-	
Amortization of patents	573,927	-	
Amortization of original issue discount	31,313	-	
Compensation through issuance of stock options	27,506	-	
Compensation through issuance of stock	-	932,000	
Issuance of stock for services	22,800	5,460,000	
Issuance of warrants for services	57,177	-	
(Gain) loss on sale of fixed asset	(55,000)	-	
(Increase) decrease in assets			
Prepaid expenses	14,605	-	
Inventory	(72,135)	-	
Increase (decrease) in liabilities			
Accounts payable	130,065	-	
Accrued expenses	25,389	-	
Net cash used in operating activities	(885,298)	(24,198)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed asset	180,000	-	
Capital expenditures	(3,301)	-	
Net cash provided by investing activities	176,699	-	

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans from stockholder	-	-	
Proceeds from convertible debt	25,959	-	
Proceeds from sale of common stock	-	25,000	
Proceeds from exercise of warrants	-	-	
Purchase and retirement of common stock	-	-	
Net cash provided by financing activities	25,959	25,000	
NET CHANGE IN CASH	$ (682,640)	$ 802	$
CASH, at beginning of year	717,833	-	
CASH, at end of year	$ 35,193	$ 802	$

SUPPLEMENTAL NONCASH FINANCING ACTIVITIES

Warrants issued to consultants for prepaid services of $84,174 in 2003.

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information pursuant to Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

2. GOING CONCERN

The Company will continue to require additional capital to develop its products and develop sales and distribution channels for its products. However, the Company believes it lacks sufficient working capital to fund operations for the entire fiscal year ending December 31, 2003. Management believes there are a number of potential alternatives available to meet the Company's continuing capital requirements, including proceeding as rapidly as possible with the development of over-the-counter products that can be sold with a minimum of regulatory compliance and developing revenue sources through licensing of our existing intellectual property portfolio. In addition, the Company is pursuing actively additional debt and/or equity capital in order to support ongoing operations. There can be no assurance that the Company will be able to obtain

sufficient additional working capital on commercially reasonable terms or conditions, or at all. The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Continuing as a going concern is dependent upon successfully obtaining additional working capital as described above. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and amounts and classifications of liabilities that might result from the outcome of this uncertainty.

3. RECAPITALIZATION AND MERGER

On April 23, 2002, Provectus Pharmaceutical, Inc., a Nevada corporation and a "blank check" public company, acquired Provectus Pharmaceuticals, Inc., a privately held Tennessee corporation ("PPI"), by issuing 6,680,000 shares of common stock of Provectus Pharmaceutical to the stockholders of PPI in exchange for all of the issued and outstanding shares of PPI, as a result of which Provectus Pharmaceutical changed its name to Provectus Pharmaceuticals, Inc. (the "Company") and PPI became a wholly owned subsidiary of the Company. For financial reporting purposes, the transaction has been reflected in the accompanying financial statements as a recapitalization of PPI and the financial statements reflect the historical financial information of PPI which was incorporated on January 17, 2002. The issuance of 6,680,000 shares of common stock of Provectus Pharmaceutical, Inc. to the stockholders of PPI in exchange for all of the issued and outstanding shares of PPI was done in anticipation of PPI acquiring Valley Pharmaceuticals, Inc. which owned the intellectual property to be used in the Company's operations.

4. BASIC AND DILUTED LOSS PER COMMON SHARE

Basic and diluted loss per common share is computed based on the weighted average number of common shares outstanding. Loss per share excludes the impact of outstanding options, warrants, and convertible debt as they are antidilutive. Potential common shares excluded from the calculation at June 30, 2003 are 385,000 warrants, 352,000 options and 1,481,322 shares issuable upon conversion of convertible debt and interest. Additionally, the Company is committed to issue 80,000 warrants.

5. EQUITY TRANSACTIONS

(a) In 2003, the Company issued 64,000 shares to consultants in exchange for services rendered, consisting of 29,000 shares issued in January 2003 and 35,000 shares issued in March 2003. Consulting costs charged to operations were $22,800.

(b) The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation (SFAS No. 123), but applies the intrinsic value method set forth in Accounting Principles Board Opinion No. 25 for stock options granted to employees and directors.

On May 29, 2003, the Company issued 352,000 stock options to employees. The options vest over three years with 88,000 options vesting on the date of grant. The exercise prices range from $0.26 to $0.32 and all options were outstanding at June 30, 2003. The exercise price for all options is less than the market price on the date of grant. Accordingly, compensation expense of $27,506 has been recorded in the second quarter of 2003.

For stock options granted to employees during the second quarter of 2003, the Company has estimated the fair value of each option granted using the Black-Scholes option pricing model with the following assumptions:

	2003
Weighted average fair value per options granted	$ 0.60
Significant assumptions (weighted average)	
Risk-free interest rate at grant date	2.0%
Expected stock price volatility	150%
Expected option life (years)	10

If the Company had elected to recognize compensation expense based on the fair value at the grant dates, consistent with the method prescribed by SFAS No. 123, net loss per share would have been changed to the pro forma amount indicated below:

	2003
Net loss, as reported	$ (1,778,806)
Add stock based employee compensation expense included in reported net loss	27,506
Less total stock-based employee compensation expense determined under the fair value based method for all awards	(57,200)
Pro forma net loss	$ (1,808,500)
Basic and diluted loss per common share, as reported	$ (0.19)
Basic and diluted loss per common share, pro forma	$ (0.19)

(c) The Company applies the recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, in accounting for stock options and warrants issued to nonemployees. In 2003, the Company issued 385,000 warrants in exchange for consulting services rendered, consisting of 25,000 warrants issued in January 2003 and 360,000 warrants issued in February 2003. As the fair market value of these services was not readily determinable, these services were valued based on the fair market value, determined using the Black-Scholes option pricing model. Fair market value for warrants ranged from $0.21 to $0.51. Consulting costs charged to operations were $57,177. At June 30, 2003, $84,174 has been classified as prepaid consulting expense as this amount represents payments for services to be provided in the future.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion is intended to assist in the understanding and assessment of significant changes and trends related to our results of operations and our financial condition together with our consolidated subsidiaries. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-QSB. Historical results and percentage relationships set forth in the statement of operations, including trends which might appear, are not necessarily indicative of future operations.

OVERVIEW

HISTORY

Provectus Pharmaceuticals, Inc., formerly known as "Provectus Pharmaceutical, Inc." and "SPM Group, Inc.," was incorporated under Colorado law on May 1, 1978. SPM Group, Inc. ceased operations in 1991, and became a development-stage company effective January 1, 1992, with the new corporate purpose of seeking out acquisitions of properties, businesses, or merger candidates, without limitation as to the nature of the business operations or geographic location of the acquisition candidate.

On April 1, 2002, SPM Group, Inc. changed its name to "Provectus Pharmaceutical, Inc." and reincorporated in Nevada in preparation for a transaction with Provectus Pharmaceuticals, Inc., a privately-held Tennessee corporation ("PPI"). On April 23, 2002, an Agreement and Plan of Reorganization between Provectus Pharmaceutical and PPI was approved by the written consent of a majority of the outstanding shares of Provectus Pharmaceutical, pursuant to which 6,680,000 shares of common stock of Provectus Pharmaceutical were exchanged for all of the issued and outstanding shares of PPI. As part of the acquisition, Provectus Pharmaceutical changed its name to "Provectus Pharmaceuticals, Inc." and PPI became a wholly owned subsidiary of the Company. For accounting purposes, this transaction was treated as a recapitalization of PPI and the issuance of shares of PPI for Provectus Pharmaceutical, Inc. The historical financial information set forth in this report is PPI's historical financial statements from the date of PPI's incorporation, January 17, 2002.

On November 19, 2002, Provectus Pharmaceuticals acquired Valley Pharmaceuticals, Inc. ("Valley"), a privately-held Tennessee corporation formerly known as Photogen, Inc., by merging its subsidiary PPI with and into Valley and naming the surviving corporation "Xantech Pharmaceuticals, Inc." By acquiring Valley, we acquired our most important intellectual property, including issued U.S. patents and patentable inventions, which we intend to use to develop:

- prescription drugs, medical and other devices (including laser devices) and over-the-counter pharmaceutical products in the fields of dermatology and oncology, and
- technologies for the preparation of human and animal vaccines, diagnosis of infectious diseases and enhanced production of genetically engineered drugs.

Prior to its acquisition, Valley was considered to be in the development stage and had not generated any revenues from the assets we acquired.

On December 5, 2002, Provectus Pharmaceuticals acquired the assets of Pure-ific L.L.C., a Utah limited liability company, and created a wholly owned subsidiary, Pure-ific Corporation, to operate that business. By acquiring

Pure-ific L.L.C., we acquired the product formulations for Pure-ific personal sanitizing sprays, along with the "Pure-ific" trademarks. With this acquisition, we intend to continue development and begin to market a line of personal sanitizing sprays and related products to be sold over the counter under the "Pure-ific" brand name.

DESCRIPTION OF BUSINESS

Provectus Pharmaceuticals, Inc., a Nevada corporation ("Provectus"), and its two wholly owned subsidiaries, Xantech Pharmaceuticals, Inc. ("Xantech") and Pure-ific Corporation ("Pure-ific"), develop, license and market and plan to sell products in three sectors of the healthcare industry:

- Over-the-counter ("OTC") products;
- Prescription drugs; and
- Medical device systems

We manage Provectus, Xantech and Pure-ific on an integrated basis, and when we refer to "we" or "us" or "the Company" in this Quarterly Report on Form 10-QSB, we refer to all three corporations considered as a single unit. Our principal executive offices are located at 7327 Oak Ridge Highway, Suite A, Knoxville, Tennessee 37931, telephone 865/769-4011.

Through discovery and use of state-of-the-art scientific and medical technologies, the founders of our pharmaceutical business have developed a suite of core technologies that support multiple products in the prescription drug, medical device and OTC products categories. Our prescription drug products encompass the areas of dermatology and oncology and involve several types of drugs, including those produced by advanced biotechnology methods. Our medical device systems include therapeutic and cosmetic lasers, while our OTC products address markets primarily involving skincare applications.

Over-the-Counter Pharmaceuticals

Our OTC products are designed to be safer and more specific than competing products. Our technologies offer practical solutions for a number of intractable maladies, using ingredients that have limited or no side effects compared with existing products.

We have developed GloveAid, a hand cream with both antiperspirant and antibacterial properties, to increase the comfort of users' hands during and after the wearing of disposable glovesOur Pure-ific line of products includes two quick-drying sprays, Pure-ific and Pure-ific Kids, that immediately kill up to 99.9% of germs on skin and prevent regrowth for 6 hours. Pure-ific products help prevent the spread of germs and thus complement our other OTC products designed to treat irritated skin or skin conditions such as acne, eczema, dandruff and fungal infections. We began limited distribution of Pure-ific during the first half of 2003. During this time our Pure-ific website has been successfully launched enabling fulfillment of online orders. We also have begun limited distribution of Pure-ific in Mexico and Central America. We intend to continue developing our distribution network for these products and expect to expand the Pure-ific product line to include additional applications.

A number of dermatological conditions, including psoriasis, eczema, and acne, result from a superficial infection which triggers an overwhelming immune response. We anticipate developing OTC products similar to the GloveAid line for the treatment of mild to moderate cases of psoriasis, eczema, and acne.

Prescription Drugs

We are developing a number of prescription drugs which we expect will provide minimally invasive treatment of chronic severe skin afflictions such as psoriasis, eczema, and acne; and several life-threatening cancers such as those of the liver, breast and prostate. We believe that our products will be safer and more specific than currently existing products. Use of topical or other direct delivery formulations allows these potent products to be conveniently and effectively delivered only to diseased tissues, thereby enhancing both safety and effectiveness. All of these products are in the pre-clinical or clinical trial stage.

Our most advanced prescription drug candidate for treatment of topical diseases on the skin is Xantryl, a topical gel. PV-10, the active ingredient in Xantryl, is "photoactive": it reacts to light of certain wavelengths, increasing its therapeutic effects. PV-10 also concentrates in diseased or damaged tissue but quickly dissipates from healthy tissue. By developing a "photodynamic" treatment regimen (one which combines a photoactive substance with activation by a source emitting a particular wavelength of light) around these two properties of PV-10, we can deliver a higher therapeutic effect at lower dosages of active ingredient, thus minimizing potential side effects including damage to nearby healthy tissues. PV-10 is especially responsive to green light, which is strongly absorbed by the skin and thus only penetrates the body to a depth of about three to five millimeters. For this reason, we have developed Xantryl combined with green-light activation for topical use in surface applications where serious damage could result if medicinal effects were to occur in deeper

tissues. We are researching the use of Xantryl with green-light activation to treat multiple dermatological conditions, including acute psoriasis, actinic keratosis, and severe acne.

Oncology

Oncology is another major market where our planned products may afford competitive advantage compared to currently available options. We are developing Provecta, a sterile injectible form of PV-10, for direct injection into tumors. Because PV-10 is retained in diseased or damaged tissue but quickly dissipates from healthy tissue, we believe we can develop therapies that confine treatment to cancerous tissue and reduce collateral impact on healthy tissue. We are researching the use of PV-10 for the treatment of cancers of the liver, breast and prostate.

Medical Devices

We are developing medical devices to address two major markets:

- cosmetic treatments, such as reduction of wrinkles and elimination of spider veins and other cosmetic blemishes; and
- therapeutic uses, including photoactivation of Xantryl other prescription drugs and non-surgical destruction of certain skin cancers.

We expect to develop medical devices through partnerships with third-party device manufacturers or, if appropriate opportunities arise, through acquisition of one or more device manufacturers.

Research and Development

We have placed most research activities on hold as we attempt to conserve available capital and achieve full capitalization of the Company through equity and convertible debt offerings, generation of product revenues, and other means. In the interim, we are maintaining our research facilities in anticipation of a resumption of our research programs. All ongoing research and development activities are directed toward supporting our OTC product launches and maintaining our intellectual property portfolio.

GOING CONCERN

In connection with their audit report on our consolidated financial statements as of December 31, 2002, BDO Seidman LLP, our independent certified public accountants, expressed substantial doubt about our ability to continue as a going concern because such continuance is dependent upon our ability to raise capital or achieve profitable operations.

Our technologies are in early stages of development. We have generated minimal initial revenues from sales and operations but we do not expect to generate sufficient revenues to enable us to be profitable for several calendar quarters. In November 2002, we obtained $1 million from Gryffindor Capital Partners I, L.L.C., a Delaware limited liability company ("Gryffindor") through the sale, pursuant to a Convertible Secured Promissory Note and Warrant Purchase Agreement dated November 26, 2002 (the "Gryffindor Agreement") between the Company and Gryffindor, of our Convertible Secured Promissory Note dated November 26, 2002 in the original principal amount of $1 million (the "Note") and Common Stock Purchase Warrants dated November 26, 2002 (the "Warrants"). In addition, at critical junctures during 2002 and 2003 we have obtained approximately $129,000 in additional funding through short-term loans from Eric A. Wachter, our Vice President - Pharmaceuticals, a member of our Board of Directors, and a major stockholder. These funds allowed us to complete our planned corporate reorganization and acquisitions, complete initial production runs for several of our OTC products, and maintain our facilities and intellectual property portfolio. We require additional funding to continue initial production and distribution of OTC products in order to achieve meaningful sales volumes. In addition, we must raise substantial additional funds in order to fully implement our integrated business plan, including execution of the next phases in clinical development of our pharmaceutical products and resumption of research programs currently suspended.

Ultimately, we must achieve profitable operations if we are to be a viable entity. We intend to proceed as rapidly as possible with the development of OTC products that can be sold with a minimum of regulatory compliance and with the development of revenue sources through licensing of our existing

intellectual property portfolio. Although we believe that there is a reasonable basis for our expectation that we will successfully raise the needed funds, we cannot assure you that we will be able to raise sufficient capital to sustain operations before we can commence revenue generation or that we will be able to achieve, or maintain, a level of profitability sufficient to meet our operating expenses.

PLAN OF OPERATION

With the reorganization of Provectus and PPI and the acquisition and integration into the Company of Valley and Pure-ific, we believe we have obtained a unique combination of OTC products and core intellectual properties. This combination represents the foundation for a successful operating company that we believe will provide both short-term profitability and long-term growth. In 2003, through careful control of expenditures, commencing sales of OTC

products, and issuance of debt and equity, we plan to build on that foundation to increase stockholder value.

In the short term, we intend to develop our business by marketing, manufacturing, and distributing our existing OTC products, principally GloveAid and Pure-ific. In the longer term, we expect to continue the process of developing, testing and obtaining FDA approval of prescription drugs and medical devices. Additionally, we intend to restart our research programs that will identify additional conditions that our intellectual properties may be used to treat and additional treatments for those and other conditions.

CASH FLOW

As of June 30, 2003, we held approximately $35,193 in cash. We have reduced our cash expenditure rate by suspending payment of salaries and most of our research programs; in addition, we are seeking to improve our cash flow by commencing sales of OTC products. Even with these reductions, however, at our current expenditure rate this amount will be sufficient to meet our needs only until the end of August 2003. Moreover, even if we are successful in improving our current cash flow position, we nonetheless will require additional funds to meet our short-term and long-term needs. We anticipate these funds will come from the proceeds of private placements or public offerings of debt or equity securities, but we cannot assure you that we will be able to obtain such funds.

CAPITAL RESOURCES

As noted above, our present cash flow is not sufficient to meet our short-term operating needs for initial production and distribution of OTC products in order to achieve meaningful sales volumes, much less to meet our longer-term needs for investment in our business through execution of the next phases in clinical development of our pharmaceutical products and resumption of our currently suspended research programs. We anticipate that the majority of the funds for our operating and development needs in 2003 will come from the proceeds of private placements or public offerings of debt or equity securities. We are currently in discussions with multiple funding sources and feel confident adequate operating funding and development funding will result. While we believe that we have reasonable basis for our expectation that we will be able to raise additional funds, we cannot give you an assurances that we will be able to do so on commercially reasonable terms. In addition, any such financing may result in significant dilution to stockholders.

MARKET OUTLOOK

Our planned products are divided into three classes:

- OTC products addressing the skincare markets;
- Prescription pharmaceuticals addressing the dermatology and oncology markets; and
- Medical devices

Our estimates of the size of the markets for each of these three planned product classes are set forth in the following table:

APPROXIMATE ANNUAL

PRODUCT AREA	OF SALES IN U.S. (millions)
OTC Products	
Personal hygiene	$ 100
Disposable glove care	100
Acne (all grades)	1,000
Prescription Pharmaceuticals	
Psoriasis	1,500
Liver, breast and prostate cancer	1,000
Medical Devices	
Medical device systems	250

Skincare

We are developing OTC products for three areas in the skincare market:

1. personal hygiene products;

2. hand care products for workers who use disposable gloves; and

3. products for treatment of acne.

In the future, we expect to develop products for additional areas in the skincare market, including treatments for psoriasis, eczema, and various fungal infections such as dandruff and athlete's foot.

Personal Hygiene. Our Pure-ific brand of OTC products includes a number of topical antibacterial products that address the personal hygiene market, including a hand sanitizer that immediately kills germs on skin and prevents regrowth for six hours. We believe that annual retail sales in the United States of hand sanitizers are approximately $100 million; this figure excludes sales of antibacterial sprays such as Lysol(R), which we estimate at more than $1.2 billion in annual U.S. sales. We anticipate extending our Pure-ific brand to include additional products that leverage technologies utilized in our other skincare products.

Disposable Glove Care. We estimate that annual wholesale sales of disposable gloves in the U.S. are over $1.2 billion, including $530 million in sales to the acute care or hospital market, $560 million in sales to the medical laboratory and non-hospital market, and $100 million in sales to the dental market. Use of gloves for protection in other areas, including airport security, food preparation, sanitation, blood banks, research facilities, mail handling, police and fire personnel, is rapidly growing as concerns over possible exposure to biological or other hazards increase. We further anticipate that consumers will spend comparable amounts on hand care products as on the gloves themselves.

Acne. Acne affects an estimated 20 million people in the U.S. at any given time. 85% of all people aged 12 to 25 will experience acne problems, while 59% of women aged 25 to 39 suffer from this affliction. 70% percent of adult acne sufferers, and an even a higher fraction of teenagers, rely on self-medication to treat their acne. OTC products for treatment of mild- to

moderate-grade acne generally are sold through department stores, supermarkets, and drug stores; combined sales of these products are believed to have exceeded $800 million dollars in the year 2000 and were expected to increase by approximately 10% per year. In addition to these OTC products, Frost & Sullivan have estimated the U.S. prescription acne care market at $1.3 billion, with over 7.7 million visits to physicians in 2001 for treatment of severe acne.

Other Skincare. We anticipate that the formulations of our OTC products and prescription drugs can be sued to treat other conditions of the skin, including psoriasis, eczema, and fungal infections such as dandruff and athlete's foot. There are approximately 5 million psoriasis patients in the U.S., with over 150,000 new cases diagnosed every year. In the U.S., the total cost of psoriasis treatment was $2.9 billion in 1995. The numbers are similar for eczema and fungal infections. We believe these represent extremely large future opportunities for our skincare products.

Prescription Pharmaceuticals

We are developing prescription drugs for the treatment of certain severe dermatological conditions such as psoriasis, and for the treatment of serious cancers, including those of the liver, breast, and prostate.

Acute Psoriasis. Psoriasis is a chronic skin disease affecting approximately 5 million Americans, with over 150,000 new cases diagnosed annually. The cause of psoriasis is unknown and there is no cure. Thus, patients typically undergo prolonged care over a period of years to decades. Approximately 2.5 million psoriasis patients are treated annually by U.S. physicians (primarily dermatologists), comprising an estimated annual expenditure of $1.5 billion for treatment in the mid-1990s. More recent estimates project a $1-2 billion market opportunity for new therapies divided among several multi-hundred-million dollar products.

Liver Cancer. Hepatocellular carcinoma, or HCC, accounts for approximately 90% of all liver tumors and is the most common solid-organ tumor worldwide, causing over 1 million deaths annually. HCC is associated with chronic liver injury from viral hepatitis (hepatitis B and C), and has attained epidemic proportions among men aged 25 to 34 in eastern Asia, tropical Africa, and southern Italy. Although currently of relatively low incidence in the U.S. and Europe, the rapid rise in hepatitis infection in these regions signifies that this may soon change. In contrast, the primary form of liver cancer in the U.S. currently is metastatic colorectal carcinoma (155,000 new cases and 60,000 deaths annually, with a 6% five-year survival rate). The current standard of care for these forms of liver cancer is ablative therapy (via localized ethanol injection, cryosurgery, or radiofrequency ablation). A combined five-year survival rate of 33% for these therapies demonstrates the pressing need for new therapeutic approaches in a worldwide market estimated at over $500 million.

Breast Cancer. The American Cancer Society estimates that approximately 205,000 new cases of invasive breast cancer, and over 54,000 new cases of in situ breast cancer, will occur in the U.S. in 2002, leading to approximately 40,000 deaths. Current treatments (lumpectomy, mastectomy, removal of regional lymph nodes, radiation therapy, chemotherapy, and hormone therapy) are expensive and associated with unacceptable side effects. While five-year survival rates are excellent for localized tumors (96%), this rate drops to 21% once distant metastasis has occurred. This illustrates that surgical excision and standard adjuvant treatments (such as chemotherapy and radiation) are ineffective at eliminating metastatic cells that have migrated from the primary treatment site. New, minimally-invasive treatment modalities for breast cancer may have broad applicability to this therapeutic market estimated at well over $1 billion.

Prostate Cancer. The American Cancer Society estimates that approximately 190,000 U.S. men are afflicted annually with cancer of the prostate, leading to over 30,000 deaths. As with breast cancer, surgical resection, chemotherapy, radiation therapy, and immunotherapy comprise the standard treatments for the majority of cases, and can result in serious, permanent side effects. We believe that new, minimally-invasive modalities - such as direct injection of our prescription drug Provecta into prostate tumors - may have broad applicability to this therapeutic market as an adjuvant or primary form of therapy, providing an entry into a therapeutic market estimated at well over $500 million.

Medical Device Systems

This market area comprises two sectors: cosmetic treatments, such as non-ablative wrinkle reduction, elimination of spider veins and other cosmetic blemishes, and laser hair reduction; and therapeutic uses, including activation of certain of the Company's light-activated drugs. Additional areas include non-surgical destruction of skin cancers and removal of unwanted moles and other hyperpigmented features. The U.S. medical laser market exceeded $1.6 billion in 2000, while the market for wrinkle reduction and hair reduction systems alone is currently in excess of $100 million annually. We believe that we can develop new

markets for laser devices, significantly in addition to the current market for these devices, as a result of the development of therapies consisting of photoactivation of the our prescription drug products.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-QSB contains forward-looking statements regarding, among other things, our anticipated financial and operating results. Forward-looking statements reflect our management's current assumptions, beliefs, and expectations. Words such as "anticipate," "believe, "estimate," "expect," "intend," "plan," and similar expressions are intended to identify forward-looking statements. While we believe that the expectations reflected in our forward-looking statements are reasonable, we can give no assurance that such expectations will prove correct. Forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from the future results, performance, or achievements expressed in or implied by any forward-looking statement we make. Some of the relevant risks and uncertainties that could cause our actual performance to differ materially from the forward-looking statements contained in this report are discussed under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-KSB, which was filed with the SEC on April 15, 2003. We caution investors that these discussions of important risks and uncertainties are not exclusive, and our business may be subject to other risks and uncertainties which are not detailed there.

Investors are cautioned not to place undue reliance on our forward-looking statements. We make forward-looking statements as of the date on which this Quarterly Report on Form 10-QSB is filed with the SEC, and we assume no obligation to update the forward-looking statements after the date hereof whether as a result of new information or events, changed circumstances, or otherwise, except as required by law.

ITEM 3. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures. Our chief executive officer and chief financial officer have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as that term is defined in Rule 13a-14(c) under the Exchange Act) as

of June 30, 2003, the end of the fiscal quarter covered by this Quarterly Report on Form 10-QSB. Based on that evaluation, the chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company and the Company's consolidated subsidiaries is made known to such officers by others within these entities, particularly during the period this Quarterly Report on Form 10-QSB was prepared, in order to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls. There has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-QSB that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

As previously reported, on April 17, 2003, during the fiscal quarter covered by this Quarterly Report on Form 10-QSB, a suit was filed in the Third Judicial District Court, Salt Lake County, Utah (the "Court") by Kelly Adams, on behalf of himself and "as representative of certain Stockholders of Provectus Pharmaceuticals, Inc., a Nevada corporation." The suit named PPI and Michael L. Labertew, an attorney in Salt Lake City, Utah, as defendants, and sought to rescind the Agreement and Plan of Reorganization dated April 22, 2002 by which we acquired PPI and PPI's former stockholders acquired majority ownership of our common stock. (This transaction is discussed in more detail in Part I above under the heading "Management's Discussion and Analysis or Plan of Operation.-Overview-History.")

As previously reported, on April 29, 2003, without giving the Company or PPI notice of the motion or an opportunity to respond to it, the Court granted Mr. Adams's ex parte motion for a temporary restraining order (the "TRO") preventing PPI from issuing additional shares of stock for a 10-day period commencing on April 29, 2003. Mr. Adams also moved for a preliminary injunction that, if granted, would have imposed the same restrictions until the completion of the proceedings.

As previously reported, on May 12, 2003 PPI filed its Consolidated Memorandum in Opposition to Plaintiff's Motion for Preliminary Injunction and Memorandum in Support of Motion to Dismiss in response to the entry of the TRO and Mr. Adams's motion for a preliminary injunction; and on May 13, 2003, the Court conditionally lifted the TRO against the Company pending a hearing scheduled for May 16, 2003. On May 16, 2003, the Court held a hearing on Mr. Adams's motion for a preliminary injunction, at which the Court denied the motion for a preliminary injunction, citing Mr. Adam's failure to meet his burden under Utah law.

As previously reported, on May 21, 2003, the Court entered a written order memorializing its May 16, 2003 ruling dissolving the TRO and denying Mr. Adams's preliminary injunction motion. In dissolving the TRO and refusing to grant the preliminary injunction, the Court cited Mr. Adams's inability to establish any significant harm that would result to Mr. Adams if the preliminary injunction were not granted, the significant harm that would result to the Company if the preliminary injunction were granted, and Mr. Adams's failure to show a substantial likelihood that he would prevail on the merits of his lawsuit, The Court specifically cited Mr. Adams's failure to show a substantial

likelihood that he would prevail on the issues of (i) whether he had standing as a proper plaintiff to assert his alleged cause of action and (ii) whether rescission was an available and appropriate remedy in this case. The Court's order allows Mr. Adams to amend his complaint.

As previously reported, on June 16, 2003 the Company and its subsidiary Xantech Pharmaceuticals, Inc., a Tennessee corporation and the successor by merger to PPI ("Xantech"), executed a Settlement Agreement (the "Settlement Agreement") with the plaintiff, Mr. Adams, and with Justeene Blankenship, Nicholas Julian, and Pacific Management Services, Inc., the corporation formerly operated by Mr. Julian and Ms. Blankenship ("Pacific"). Pursuant to the Agreement, Mr. Adams agreed to dismiss the litigation pending in the Court with prejudice and, in connection therewith, to file the Settlement Agreement with the Court to govern the future relations between the parties. In addition, the parties to the Settlement Agreement entered into mutual releases and certain other covenants and agreements. A copy of the Settlement Agreement was filed as Exhibit 10.14 to the Company's Current Report on Form 8-K dated June 16, 2003, as filed with the SEC on June 26, 2003, and is incorporated herein by reference.

As previously reported, on June 18, 2003 Mr. Adams and PPI submitted to the Court a Stipulated Order of Dismissal with Prejudice and Release of Stock Certificates (the "Order"). The Court entered the Order, thereby dismissing the litigation with prejudice, on June 25, 2003.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

RECENT SALES OF UNREGISTERED SECURITIES

During the three months ended June 30, 2003, we did not sell any securities which were not registered under the Securities Act of 1933, as amended (the "Securities Act").

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

No response is required to this item.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

We held our 2003 Annual Meeting of Stockholders on May 29, 2003 (the "Annual Meeting"). Proposals presented for a vote of our stockholders at the Annual Meeting were:

1. Election of four directors to serve on the Company's Board of Directors for a one-year term;

2. Action on a proposal to approve and adopt the following four amendments to the Articles of Incorporation of Provectus Pharmaceuticals, Inc.:

   A. An amendment authorizing the future issuance of up to 25 million shares of preferred stock;

   B. An amendment revising and improving the provisions of the Articles of Incorporation regarding indemnification of our directors, officers, employees and agents for costs they may incur if sued individually as a result of their service to us;

   C. An amendment requiring the affirmative vote of 75% of the voting power of our outstanding stock for

stockholder-initiated changes to our Bylaws and continuing to permit the Board to adopt, amend or repeal the Bylaws;

D. An amendment eliminating unnecessary and archaic verbiage in our Articles of Incorporation; and

3. Action on a proposal to approve and adopt the Provectus Pharmaceuticals, Inc. Amended and Restated 2002 Stock Plan.

Election of Directors

Each of the incumbent Directors was elected, with the following results:

	VOTES FOR	VOTES AGAINST	ABSTENTIONS BROKER NON-
H. Craig Dees, Ph.D.	7,775,565	700	0
Timothy C. Scott, Ph.D.	7,775,665	600	0
Eric A. Wachter, Ph.D.	7,775,665	600	0
Stuart Fuchs	7,775,665	600	0

Approval of Amendments to the Company's Articles of Incorporation

In accordance with SEC rules, we presented as separate matters for voting the four proposed amendments to the Articles of Incorporation of Provectus Pharmaceuticals, Inc., as amended. Stockholder voting on each of the four amendments was independent from stockholder voting on any of the others; stockholders were permitted to vote for or against, or abstain from voting on, any one or more of them. We presented all four amendments together since we believed that all four matters would be desirable for governance of the Company following the Annual Meeting.

16

The proposed amendment to the Articles of Incorporation authorizing the future issuance of up to 25 million shares of preferred stock was approved, with the following results:

VOTES FOR	VOTES AGAINST	ABSTENTIONS AND BROKER NON-VOTES
7,312,531	12,310	602

The proposed amendment to the Articles of Incorporation revising and improving the provisions regarding indemnification of directors, officers, employees and agents was approved, with the following results:

VOTES FOR	VOTES AGAINST	ABSTENTIONS AND BROKER NON-VOTES
7,763,139	12,321	805

The proposed amendment to the Articles of Incorporation requiring the affirmative vote of 75% of the voting power of the outstanding stock for stockholder-initiated changes to the Bylaws was approved, with the following results:

VOTES FOR	VOTES AGAINST	ABSTENTIONS AND BROKER NON-VOTES
7,312,920	12,012	502

The proposed amendment to the Articles of Incorporation eliminating unnecessary and archaic verbiage was approved, with the following results:

VOTES FOR	VOTES AGAINST	ABSTENTIONS AND BROKER NON-VOTES
7,774,657	1,000	608

Approval of 2002 Stock Plan

The Provectus Pharmaceuticals, Inc. Amended and Restated 2002 Stock Plan was approved and adopted, with the following results:

VOTES FOR	VOTES AGAINST	ABSTENTIONS AND BROKER NON-VOTES
6,503,118	11,813	502

No other matters came before the Annual Meeting.

ITEM 5. OTHER INFORMATION.

The Company has entered into a Material Transfer Agreement dated as of July 31, 2003 (the "Material Transfer Agreement") with Schering-Plough Animal Health Corporation ("SPAH"), the animal-health subsidiary of Schering-Plough Corporation, a major international pharmaceutical company. Under the Material Transfer Agerement, we will provide SPAH with access to certain of our patented technologies, to permit SPAH to

evaluate those technologies for use in animal-health applications. If SPAH determines that it can commercialize our technologies, then the Material Transfer Agreement obligates us and SPAH to enter into a license agreement providing for us to license those technologies to SPAH in exchange for certain progress payments upon the achievement of certain goals. We can give you no assurance that SPAH will determine that it can commercialize our technologies or that the goals required for the Company to obtain progress payments from SPAH will be achieved.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits. Exhibits required by Item 601 of Regulation S-B are incorporated herein by reference and are listed on the attached Exhibit Index, which begins on page X-1 of this Quarterly Report on Form 10-QSB.

(b) Reports on Form 8-K. During the fiscal quarter ended June 30, 2003, we filed the following Current Reports on Form 8-K:

1. On May 22, 2003, we filed a Current Report on Form 8-K reporting, with respect to the litigation filed by Mr. Adams against PPI

(which is discussed in more detail above under the heading "Legal Proceedings."), that, among other things: (i) on May 16, 2003 the Court had held its hearing on PPI's Consolidated Memorandum in Opposition to Plaintiff's Motion for Preliminary Injunction and Memorandum in Support of Motion to Dismiss in response to the entry of the TRO and Mr. Adams's motion for a preliminary injunction; (ii) following the hearing, the Court had dissolved the TRO and denied Mr. Adams's motion for a preliminary injunction; and (iii) on May 21, 2003 the Court had entered a written order memorializing its May 16, 2003 ruling dissolving the TRO and denying Mr. Adams's preliminary injunction motion.

2. On June 26, 2003, we filed a Current Report on Form 8-K reporting, with respect to the litigation filed by Mr. Adams against PPI, that, among other things: (i) the Company and Xantech had executed the Settlement Agreement with Mr. Adams, Justeene Blankenship, Nicholas Julian, and Pacific; and (ii) the Court had dismissed the litigation with prejudice on June 25, 2003.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Provectus Pharmaceuticals, Inc.

By: /s/ H. Craig Dees

H. Craig Dees, Ph.D.
Chief Executive Officer

Date: August 14, 2003

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1+	Restated Articles of Incorporation of Provectus Pharmaceuticals, Inc., a Nevada corporation ("Provectus").
3.2	Bylaws of Provectus, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended March 31, 2003, as filed with the SEC on May 9, 2003.
4.2.1*	Convertible Secured Promissory Note and Warrant Purchase Agreement dated as of November 26, 2002 between Provectus and Gryffindor Capital Partners I, L.L.C. ("Gryffindor"), incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.
4.2.2	Letter Agreement dated January 31, 2003 between Provectus and Gryffindor, incorporated herein by reference to Exhibit 4.2.2 to the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended March 31, 2003, as filed with the SEC on May 9, 2003.
4.3	Amended and Restated Convertible Secured Promissory Note of Provectus dated January 31, 2003, issued to Gryffindor, reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended March 31, 2003, as filed with the SEC on May 9, 2003.
4.6*	Stock Pledge Agreement dated as of November 26, 2002 between Provectus and Gryffindor, incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.
4.7	Guaranty dated November 26, 2002 from Xantech Pharmaceuticals, Inc., a Tennessee corporation and a wholly owned subsidiary of Provectus ("Xantech"), to Gryffindor, incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.
4.8	Form of Security Agreement between the Company and Gryffindor, incorporated herein by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.
4.9	Form of Patent and License Security Agreement between the Company and Gryffindor, incorporated herein by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.
4.10	Form of Trademark Collateral Assignment and Security Agreement between the Company and Gryffindor, incorporated herein by reference to Exhibit 4.9 to the Company's Current Report on Form

8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.

4.11 Form of Copyright Security Agreement between the Company and Gryffindor, incorporated herein by reference to Exhibit 4.10 to the Company's Current Report on Form 8-K dated November 26, 2002, as filed with the SEC on December 10, 2002.

4.16* Promissory Note of Provectus dated December 31, 2002, issued to Eric A. Wachter.

10.2**+ Provectus Pharmaceuticals, Inc. Amended and Restated 2002 Stock Plan.

10.14 Settlement Agreement dated as of June 16, 2003 among Kelly Adams, Justeene Blankenship, Nicholas Julian, and Pacific Management Services, Inc.; and Provectus and Xantech, incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K dated June 16, 2003, as filed with the SEC on June 26, 2003.

10.15*+ Material Transfer Agreement dated as of July 31, 2003 between Schering-Plough Animal Health Corporation, a Delaware corporation, and Provectus.

31.1+ Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated August 14, 2003, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company.

31.2+ Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated August 14, 2003, executed by Daniel R. Hamilton, Chief Financial Officer of the Company.

32.1+ Certification Pursuant to 18 U.S.C.ss. 1350 (Section 906 Certification), dated August 14, 2003, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company, and Daniel R. Hamilton, Chief Financial Officer of the Company.

---

* The Company agrees by this filing to supplementally furnish to the SEC, upon request, a copy of the exhibits and/or schedules to this agreement.

** Management compensation contract or plan.

\+ Filed herewith.