

CORTEX PHARMACEUTICALS INC/DE/
Form DEF 14A
November 10, 2004
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

[Amendment No. _____]

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 Pursuant to § 240.14a-11(c) or § 240.14a-12

CORTEX PHARMACEUTICALS, INC.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

CORTEX PHARMACEUTICALS, INC.

15231 Barranca Parkway

Irvine, California 92618

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

December 16, 2004

To the Stockholders of Cortex Pharmaceuticals, Inc.:

The Annual Meeting of Stockholders of Cortex Pharmaceuticals, Inc., a Delaware corporation (the Company), will be held at The Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California, on Thursday, December 16, 2004 at 10:30 a.m. Pacific Time, to consider and vote on the following matters described in the attached Proxy Statement:

- (1) The election of seven (7) directors to serve until the next Annual Meeting of Stockholders or until their successors are elected and duly qualified (Proposal 1);
- (2) To ratify the appointment of Haskell & White LLP as independent auditors of the Company for the fiscal year ending December 31, 2004 (Proposal 2); and
- (3) Such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 27, 2004 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any postponement and adjournment thereof. The stock transfer books will not be closed.

The Board of Directors welcomes the personal attendance of stockholders at the meeting. **However, please sign and return the enclosed proxy**, which you may revoke at any time prior to its use, **whether or not you expect to attend the meeting**. A self-addressed, postage prepaid envelope is enclosed for your convenience. Your proxy will not be used if you attend the meeting and choose to vote in person.

By Order of the Board of Directors

Maria S. Messinger, CPA

Secretary

Irvine, California

November 12, 2004

CORTEX PHARMACEUTICALS, INC.

15231 Barranca Parkway

Irvine, California 92618

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 16, 2004

10:30 a.m.

Solicitation and Revocation of Proxies

The accompanying proxy is solicited by and on behalf of the Board of Directors of Cortex Pharmaceuticals, Inc., a Delaware corporation (the Company), and the Company will bear the cost of such solicitation. Solicitation of proxies will be primarily by mail, although some of the officers, directors and employees of the Company may solicit proxies personally or by telephone. The Company will reimburse brokerage houses and other custodians, nominees or fiduciaries for their expenses in sending proxy materials to their principals.

The person named as proxy was designated by the Board of Directors and is a director of the Company. All properly executed proxies will be voted (except to the extent that authority to vote has been withheld) and where a choice has been specified by the stockholder as provided in the proxy it will be voted in accordance with the specification so made. Proxies submitted without specification will be voted **FOR** the election as directors of the nominees proposed by the Board of Directors and **FOR** the ratification of Haskell & White LLP as the Company's independent auditors.

Any stockholder may revoke a proxy at any time before it is voted at the meeting by a proxy bearing a later date. A proxy may also be revoked by any stockholder by delivering written notice of revocation to the Secretary of the Company or by voting in person at the meeting.

This Proxy Statement and proxy are being mailed to stockholders of the Company on or about November 12, 2004. The mailing address of the executive offices of the Company is 15231 Barranca Parkway, Irvine, California 92618.

Voting at the Meeting

Only record holders of Common Stock of the Company at the close of business on October 27, 2004, will be entitled to notice of, and to vote at, the meeting. As of the record date, there were 28,455,303 shares of the Company's Common Stock outstanding. The presence at the meeting of a majority of the outstanding shares, in person or by proxy relating to any matter to be acted upon at the meeting, is necessary to constitute a quorum for the meeting. Each outstanding share is entitled to one vote on all matters, except as noted below. For purposes of the quorum and the

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discussion below regarding the vote necessary to take stockholder action, stockholders of record who are present at the meeting in person or by proxy and who abstain or withhold their vote, including brokers holding customers' shares of record who cause abstentions to be recorded at the meeting, are considered stockholders who are present and entitled to vote and count toward the quorum. Brokers holding shares of record for customers generally are entitled to vote on all of the matters included in this proxy unless they receive other instructions from their customers.

As used herein, *uninstructed shares* means shares held by a broker who has not received instructions from its customers on such matters and the broker has so notified the Company on a proxy form in accordance with industry practice or has otherwise advised the Company that it lacks voting authority. As used herein, *broker non-vote* means the votes that could have been cast on the matter in question by brokers with respect to uninstructed shares if the brokers had received their customers' instructions. The effect of proxies marked *withheld* as to any director nominee or *abstain* as to a particular proposal and broker non-votes on proposals Nos. 1 and 2 is discussed under each respective proposal.

PROPOSAL 1

ELECTION OF DIRECTORS

The persons named in the enclosed proxy will vote to elect the seven (7) proposed nominees named below unless contrary instructions are given in the proxy. The election of directors shall be by the affirmative vote of the holders of a plurality of the shares voting in person or by proxy at the meeting. Each director is to hold office until the next annual meeting and until his successor is elected and qualified.

The names and certain information concerning the persons nominated by the Board of Directors to become directors at the meeting are set forth below. Each of the proposed nominees currently serves as a member of the Board of Directors. **The Company's Board of Directors recommends that you vote FOR the election of each of the nominees named below.** It is intended that shares represented by the proxies will be voted FOR the election to the Board of Directors of the persons named below unless authority to vote for nominees has been withheld in the proxy. Broker non-votes and proxies marked *withheld* as to one or more of the nominees will result in the respective nominees receiving fewer votes. However, the number of votes otherwise received by the nominee will not be reduced by such action. Although each of the persons named below has consented to serve as a director if elected and the Board of Directors has no reason to believe that any of the nominees named below will be unable to serve as a director, if any nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee designated by the Board of Directors.

Nominees for Director

Robert F. Allnut, 69, has been a director since December 1995 and served as Chairman of the Board from February 1999 until the appointment of Roger G. Stoll, Ph.D. on August 13, 2002. Since February 1995, Mr. Allnut has been a senior counselor for APCO Worldwide, Inc., a public affairs and strategic communications company. Mr. Allnut was Executive Vice President of the Pharmaceutical Manufacturers Association from 1985 until 1995 and was Vice President for Governmental Relations of Communications Satellite Corporation from 1984 until 1985. Prior to 1984, Mr. Allnut held numerous positions in the Federal Government for 25 years, including 15 years at NASA, where his positions included Associate Deputy Administrator, the third ranking position in the agency. Mr. Allnut serves as a member of the Board of Directors of the National Medals of Science and Technology Foundation, the American Hospice Foundation and F. Dohmen Company, a privately held drug wholesaler and distributor. Mr. Allnut holds a B.S. in Industrial Engineering from the Virginia Polytechnic Institute and J.D. and L.L.M. degrees from George Washington University.

Charles J. Casamento, 59, was elected to the Board of Directors of the Company in July 1997. Mr. Casamento is President and Chief Executive Officer of Osteologix, Inc. a pharmaceutical company headquartered in Copenhagen, Denmark that develops products for potential use in treating osteoporosis and other bone diseases. From June 1993 to August 2004, Mr. Casamento served as Chairman, President

and Chief Executive Officer of Questcor Pharmaceuticals, Inc., a biopharmaceutical company based in Union City, California. Prior to that, he was President and Chief Executive Officer of Interneuron Pharmaceuticals, a neuropharmaceutical company, from its founding in March 1989 until May 1993. From January 1986 to March 1989, he was Senior Vice President and General Manager, Pharmaceuticals & Biochemicals at Genzyme Corp., a biotechnology company. From 1970 through 1985, Mr. Casamento held senior management positions in marketing, finance and business development at Sandoz, F. Hoffmann-LaRoche, Johnson & Johnson and American Hospital Supply Corp., where he was Vice President, Business Development and Strategic Planning for the Critical Care Division. Mr. Casamento also currently holds board positions with Supergen, Inc., a publicly held pharmaceutical company, as well as the Catholic Medical Mission Board, a non-profit organization located in New York City. He holds a B.S. in Pharmacy from Fordham University, an M.B.A. from Iona College and is a licensed pharmacist.

Carl W. Cotman, Ph.D., 64, is a co-founder of the Company. He has been a Scientific Director of and consultant to the Company since October 1987, served as a director of the Company from March 1989 to October 1990, and was reelected as a director in November 1991. Dr. Cotman has been a Professor of Psychobiology, Neurology, and Psychiatry at the University of California, Irvine since 1985. He was a Professor of Psychobiology and Neurology at that University from 1983 to 1985, and has held various other teaching and research positions at that University since 1968. He chaired the Scientific Advisory Council of the American Paralysis Association and is a member of numerous professional associations and committees, including the Council of the American Society for Neurochemistry, the National Institute of Aging Task Force, the American Association for the Advancement of Science and the International Society for Neurochemistry. Dr. Cotman has served on the editorial boards of numerous scientific journals and has authored or co-authored seven books and over 400 articles in the fields of neurobiology, memory and cognition, and the recovery of function after brain injury. Dr. Cotman holds a B.A. in Chemistry from Wooster College, an M.A. in Analytical Chemistry from Wesleyan University, and a Ph.D. in Biochemistry from Indiana University.

Peter F. Drake, Ph.D., 50, was appointed to the Board of Directors of the Company in October 2003. Dr. Drake is currently the Managing General Partner of Mayflower Partners, a healthcare investment fund. From 1999 to 2002, he served as a Managing Director in the Equity Research Department of Prudential Securities, Inc., after Prudential acquired Vector Securities International, an investment banking firm co-founded by Dr. Drake in 1988. Vector specialized in raising capital for emerging healthcare companies and acted as an advisor in merger and alliance transactions in the healthcare area. Dr. Drake joined the investment banking firm of Kidder, Peabody & Co. as a Biotechnology Analyst in 1983, becoming a partner in 1986. He currently serves on the Board of Directors of Trustmark Insurance Co., a healthcare insurance provider, and The Alliance For Aging Research, a non-profit organization dedicated to supporting and accelerating medical discoveries to improve the experience of aging and health. Dr. Drake received a B.A. degree in Biology from Bowdoin College and attended the Wharton School of Business at the University of Pennsylvania. After receiving his Ph.D. in Biochemistry and Neurobiology from Bryn Mawr College, he spent three years as a Senior Research Associate in the Department of Developmental Biology and Anatomy at Case Western Reserve University.

M. Ross Johnson, Ph.D., 60, has served as a director of the Company since April 2002. Dr. Johnson is currently Chief Executive Officer and President of Parion Sciences, Inc., a privately held pharmaceutical company that he co-founded in 1999. From 1995 to 1999, Dr. Johnson served as President, CEO and CSO of Trimeris Inc., a pharmaceutical company that he took public in 1997. From 1987 to 1994, he served as Vice President of Chemistry at Glaxo Inc., where he was part of the original scientific founding team for Glaxo's research entry into the United States. From 1971 to 1987, Dr. Johnson served in key scientific and research management positions with Pfizer Central Research. Dr. Johnson currently holds board positions

with Parion Sciences, Inc., Nuada, a privately-held pharmaceutical company, the University of California at Berkeley Chemistry Department, the University of North Carolina Education Advancement Board and is Chairman of AdventRx. He received his B.S. from the University of California, Berkeley, and a Ph.D. in Organic Chemistry from the University of California at Santa Barbara.

Roger G. Stoll, Ph.D., 62, has served as a director of the Company since April 2002 and became Chairman, President and Chief Executive Officer of the Company in August 2002. From 2001 to 2002, Dr. Stoll served as a consultant to the venture capital industry. From 1998 to January 2001, Dr. Stoll served as Executive Vice President at Fresenius Medical Care-North America, with responsibility for the Dialysis Products Division. From 1991 to 1998, he served as President and CEO of Ohmeda Inc., a pharmaceutical and medical products company with worldwide sales of approximately \$1 billion. From 1986 to 1991, Dr. Stoll served as a senior executive at Bayer AG, where he rose to the position of Executive Vice President and General Manager of the worldwide diagnostic business group. From 1976 to 1986, Dr. Stoll held positions of increasing responsibility at the American Critical Care division of American Hospital Supply Corporation (now Baxter International), including President of American Critical Care from 1981 to 1986. He started his industrial career in 1972 at The Upjohn Company, where he conducted Phase I – IV clinical pharmacology studies in humans. He obtained his B.S. in pharmacy from Ferris State University and a Ph.D. in biopharmaceutics from the University of Connecticut. He also carried out post-doctoral studies in pharmacokinetics at the University of Michigan and has published over 30 scientific papers and contributed chapters in textbooks in the field of drug kinetics. Dr. Stoll serves on the board of directors of Agensys, Inc., a privately held biotechnology company specialized in cancer therapy and Questcor Pharmaceuticals, Inc., a publicly held company focused on specialty pharmaceuticals.

Gary D. Tollefson, M.D., Ph.D., 53, has served as a director and consultant of the Company since April 2004. Dr. Tollefson currently is a Clinical Professor of Psychiatry at the Indiana University School of Medicine, a position that he has held since March 2004, and is active as a consultant in drug development and strategy. Prior to March 2004, Dr. Tollefson was employed as a senior executive at Eli Lilly & Company for nearly 14 years, until he elected to take an early retirement. As an employee of Eli Lilly & Company, Dr. Tollefson played a key strategic role in the development of the psychopharmacologic drugs Prozac[®], Zyprexa[®], Strattera[®], Symbyax and Cymbalta[®]. Dr. Tollefson's other career highlights include having served as Distinguished Lilly Research Scholar and Vice President Medical-Neuroscience; President, Neuroscience Products and Vice President, Lilly Research Laboratories. Prior to joining Lilly, he was Chairman of the Department of Psychiatry, St. Ramsey Medical Center, a University of Minnesota Teaching Affiliate Hospital. Dr. Tollefson received his B.S. (Psychology), M.D. and Ph.D. (Psychopharmacology) from the University of Minnesota. Dr. Tollefson conducted his internship at St. Paul-Ramsey Medical Hospital and residency in Psychiatry at the University of Minnesota Hospitals in Minneapolis. Dr. Tollefson is certified by the American Board of Neurology and Psychiatry and the National Board of Medical Examiners. He serves on the board of directors of Cypress Bioscience, Inc., a publicly held company focused on products for the treatment of pain and central nervous disorders. He is a member of several medical societies including a Fellow in the American College of Neuropharmacology, the American Society of Clinical Psychopharmacology, American Psychiatric Association, Society for Biological Psychiatry, American Academy of Clinical Psychiatrists and the International Psychogeriatric Association. Dr. Tollefson serves as a journal reviewer for several medical and psychiatric journals. Dr. Tollefson has authored or co-authored over 200 peer-reviewed scientific publications, is an international speaker in medical education and been awarded 22 method of treatment patents.

Director Compensation

The Board of Directors elected to forego all cash payments of director compensation for Board meetings held in calendar year 2003, which included six months of the Company's fiscal year ended June 30, 2004. In lieu of those payments, on the date of the 2002 Annual Meeting of Stockholders, non-employee directors received nonqualified options to purchase an aggregate of 30,000 shares of Common Stock. These options have the same terms and conditions of the formula nonqualified option grants described below, with the exception that the options vested in equal increments at each of the Board meetings for calendar year 2003, with any remaining unvested options outstanding on December 31, 2003 fully vested as of such date.

The Company reinstated compensation to non-employee directors effective January 1, 2004. As of such date, each non-employee director was entitled to receive \$3,000 at each Board of Directors meeting attended. Additionally, the Chairman of the Audit Committee and Compensation Committee received \$1,000 for each committee meeting attended and other members of the respective committees received \$500 for each committee meeting attended.

Under the Company's 1996 Stock Incentive Plan, during the fiscal year ended June 30, 2004 each non-employee director was automatically granted options to purchase 30,000 shares of Common Stock upon commencement of service as a director and additional options to purchase 25,000 shares of Common Stock on the date of each Annual Meeting of Stockholders. These nonqualified options have an exercise price equal to 100% of the fair market value of the Common Stock on the date of grant, have a ten-year term and vest in equal increments of 33% on each anniversary date of the dates of grant, and are otherwise subject to the terms and provisions of the 1996 Stock Incentive Plan.

The above cash compensation and nonqualified option grant provisions do not apply to non-employee directors who serve on the Board of Directors to oversee an investment in the Company. Compensation for such non-employee directors, if appropriate, is determined separately. As of June 30, 2004, none of the Company's directors served on the Board of Directors in such capacity.

Executive Officers

Dr. Stoll was appointed as the President and Chief Executive Officer of the Company on August 13, 2002. The biographical summary for Dr. Stoll has been presented earlier. The other Executive Officers of the Company include Maria S. Messinger, James H. Coleman, Gary A. Rogers, Ph.D. and Harry H. Mansbach, M.D., all of whom report directly to Dr. Stoll.

Maria S. Messinger, 37, was appointed Vice President, Chief Financial Officer and Corporate Secretary of the Company in December 1999. She has served as Controller of the Company since September 1994. From August 1989 to September 1994, Ms. Messinger served in a progression of positions at Ernst & Young LLP, including her most recent position as an Audit Manager. She holds a B.A. from the School of Business Administration and Economics at California State University, Fullerton and is a Certified Public Accountant in California.

James H. Coleman, 63, became Senior Vice President of Business Development in May 2000. Prior to joining Cortex, Mr. Coleman was President and Senior Partner of Diversified Healthcare Management, Inc. (DHM), a biopharmaceutical and biotechnology consulting firm that he founded in 1997. From March 1999 to May 2000, Cortex was a client of DHM. During 1996, Mr. Coleman served as Vice President of Commercial Development at CoCensys, Inc., a biotechnology company, where he directed strategic

planning and external business development. Mr. Coleman was also employed as an executive at Pharmacia & Upjohn, Inc. for over 25 years, where he acquired extensive management expertise in new product development, global strategic marketing, sales, CNS research and clinical research trial methodologies. Mr. Coleman holds a B.S. in Applied Biology from the University of Rhode Island.

Gary A. Rogers, Ph.D., 59, was appointed Senior Vice President, Pharmaceutical Research in July 2000 and has served as Vice President, Pharmaceutical Discovery since June 1995. In February 1994, he founded Ligand Design, a private contract design and synthesis firm located in Santa Barbara, California. From 1987 to 1994, Dr. Rogers served as an Associate Research Biochemist at the University of California, Santa Barbara. Prior to that, he held a succession of research and faculty positions at universities in the United States and abroad, including three years as an Adjunct Professor of bio-organic chemistry under Dr. Paul Boyer at the University of California, Los Angeles and four years as an Assistant Professor at the University of Texas. Dr. Rogers is a co-inventor of the AMPAKINE[®] family of AMPA receptor modulating compounds. He holds a B.S. degree in organic chemistry from the University of California, Los Angeles and a Ph.D. in Bio-organic Chemistry from the University of California, Santa Barbara.

Harry H. Mansbach, M.D., 39, was appointed Chief Medical Officer and Vice President, Clinical Development in August 2004. Prior to joining Cortex, from June 1998 to August 2004, Dr. Mansbach served as a Senior Clinical Research Physician at Glaxo Wellcome (GW) / GlaxoSmithKline (GSK). At GW, Dr. Mansbach gained valuable insight into the medical and commercial aspects of the drug life-cycle by working on marketed compounds such as Imitrex[®] and Lamictal[®]. In GSK, the successor company to GW, his team was responsible for clinical development input and implementation for a wide variety of compounds ranging from pre-clinical testing through phase III and covering a broad range of neuroscience disease areas. From July 1996 to June 1998, Dr. Mansbach was a member of the Department of Neurology senior staff in the Henry Ford Health System in Detroit, Michigan. Dr. Mansbach received a B.A. degree in Philosophy from Yale University and an M.D. from Duke University School of Medicine. Dr. Mansbach accomplished his neurology residency at the University of Michigan Health System and completed subspecialty fellowship training in cerebrovascular diseases at the Henry Ford Hospital in Detroit, Michigan. He is board certified in neurology.

Other Key Employees

Steven A. Johnson, Ph.D., 52, was named Vice President of Preclinical Development in January 2004 and has served as Director, Clinical Research from 2000 to 2003 and Director, Biological Research of the Company from 1995 to 2000. From 1989 to 1994, Dr. Johnson was a Research Assistant Professor in the School of Gerontology at the University of Southern California. Prior to that, he conducted research in the field of the molecular biology of development at the California Institute of Technology in Pasadena, and in the field of molecular biology of Alzheimer's disease at the University of Southern California. A recipient of numerous post-doctoral grants, Dr. Johnson has published more than 50 scientific papers. He received his B.S. in Food Science from Oregon State University and his Ph.D. in Molecular Biology from Purdue University.

Scientific Consultants

In addition to Drs. Cotman and Tollefson, whose biographical summaries have been presented earlier, the other key scientific consultant to the Company is Gary S. Lynch, Ph.D. Arvid M. Carlsson, M.D., Ph.D. serves as a consultant to the Board of Directors.

Gary S. Lynch, Ph.D., 61, is a co-founder of the Company. He has been a Scientific Director of and consultant to the Company since October 1987 and served as a director of the Company from March 1988

to March 1989 and again from December 1994 to December 1995. Dr. Lynch has been a Professor in the Department of Psychology at the University of California, Irvine since 1981, and has held various other teaching and research positions at that University since 1969. He is a Professor at the University's Center for the Neurobiology of Learning and Memory. Dr. Lynch is a member of the Neuroscience Society and the International Brain Research Organization. He also serves on the Advisory board of the Cognitive Neurosciences Institute. Dr. Lynch has authored or co-authored over 500 articles and a number of books in the areas of neurobiology, cognition and memory. Dr. Lynch holds a B.A. in Psychology from the University of Delaware and a Ph.D. in Psychology from Princeton University. He is a co-founder of Synaptic, Inc., Tensor Biosciences and Thuris Corporation, all privately-held companies.

Arvid Carlsson, M.D., Ph.D., 81, has been a consultant to the Company since April 2002. A co-recipient of the 2000 Nobel Prize for Medicine, Dr. Carlsson is currently Chief Executive Officer of Carlsson Research, a development stage neuroscience company that grew out of his research in the Department of Pharmacology at the University of Göteborg, Sweden. Dr. Carlsson is Professor Emeritus at the University of Göteborg, and is a member of the Swedish Academy of Sciences and a foreign affiliate of the U.S. National Academy of Sciences. Dr. Carlsson has authored several hundred articles, which have helped to form the basis of modern neuropsychopharmacology. In 1975, he was elected as a Foreign Corresponding Fellow of The American College of Neuropsychopharmacology. In addition to the Nobel Prize, he has been the recipient of The Japan Prize in Psychology and Psychiatry, The Research Prize of the Lundbeck Foundation (Denmark) and the Lieber Prize (USA) for research in schizophrenia. Dr. Carlsson's memberships include Member of the Academia Europaea, Member of the Royal Swedish Academy of Sciences, Honorary Fellow of the World Federation of Societies of Biological Psychiatry, Honorary Foreign Associate of the Institute of Medicine, National Academy of Sciences, U.S.A. and Honorary Member of the German Society of Biological Psychiatry. Dr. Carlsson received his M.D. and Ph.D. in Pharmacology from the University of Lund, Sweden.

Corporate Governance

The Board of Directors is committed to good business practices, transparency in financial reporting and the highest level of corporate governance. To that end, over the course of the past year, the Board of Directors has reviewed the Company's governance policies and practices and initiated actions in order to comply with the requirements of the Sarbanes-Oxley Act of 2002 and new listing standards of The American Stock Exchange (AMEX). The Board of Directors has implemented the following policies and procedures:

Independent Directors. A majority of members of the Board of Directors are independent directors, as that term is defined under Section 121A of the AMEX Company Guide. The Board has affirmatively determined that the following five directors are independent: Robert F. Allnutt, Charles J. Casamento, Carl W. Cotman, Peter F. Drake and M. Ross Johnson.

Audit Committee. Each member of the Company's standing Audit Committee is an independent director under Section 121A of the AMEX Company Guide and as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended. The Company's Audit Committee is described in further detail below under the heading Board Committees.

Compensation Committee. Each member of the Company's standing Compensation Committee is an independent director under Section 121A of the AMEX Company Guide. The Company's Compensation Committee is described in further detail below under the heading Board Committees.

Nominating Process. The Company does not have a standing Nominating Committee or committee performing similar functions. Rather, all of the directors may participate in the selection of director nominees, subject to the approval of a majority of the independent directors on the Board of Directors, as such term is defined in Section 121A of the AMEX Company Guide. The Board of Directors of the Company believes that it is appropriate not to have a Nominating Committee because the selection of new directors is one of the most important responsibilities that it has to the Company's stockholders. As a result, all of the members of the Board of Directors believe that it is their responsibility to participate in the selection of new directors. Accordingly, the Board of Directors has determined that the full Board of Directors shall perform the director nomination functions and the Board of Directors has adopted the procedures detailed below under the heading **Director Nomination Process** to outline the responsibilities and powers of, and to provide guidelines for, the Board of Directors when performing its nomination functions. The Board of Directors operates under these referenced guidelines, also attached as Appendix C, in lieu of a written charter.

Stockholder Communications. Stockholders may communicate with the Board of Directors, its Committees or any of the individual directors by sending written communications addressed to the Board of Directors, a Committee or any of the individual directors, c/o Chief Financial Officer, Cortex Pharmaceuticals, Inc., 15231 Barranca Parkway, Irvine, California 92618. All communications are compiled by the Chief Financial Officer and forwarded to the Board of Directors, Committee or the individual director(s) accordingly. The Chief Financial Officer will acknowledge receipt to the sender, unless the sender has submitted the communication anonymously,

Director Attendance at Annual Meeting of Stockholders. Directors are strongly encouraged to attend annual meetings of the Company's stockholders. All of the Company's then six directors attended the Company's annual meeting in 2003.

Code of Ethics. In compliance with Section 406 of the Sarbanes-Oxley Act of 2002 and the AMEX corporate governance listing standards, the Company has adopted a Code of Business Conduct and Ethics, which covers all directors and employees, including its principal executive and financial officers. Any amendment or waiver to its Code of Business Conduct and Ethics that applies to its directors or executive officers will be posted on its website at www.cortexpharm.com or in a report filed with the Securities and Exchange Commission on Form 8-K. A copy of its Code of Business Conduct and Ethics is available free of charge upon written request to its Corporate Secretary at 15231 Barranca Parkway, Irvine, California 92618.

Indebtedness of Management. The Company complies with and will operate in a manner consistent with recently-enacted legislation outlawing extensions of credit in the form of a personal loan to or for its directors and executive officers.

Board Committees

Audit Committee. The Audit Committee meets with the Company's independent auditors and management to prepare for and to review the results of the annual audit and to discuss the annual and quarterly financial statements, earnings releases and related matters. The Audit Committee, among other things, (i) selects and retains the independent auditors, (ii) reviews with the independent auditors the scope and anticipated cost of their audit, and their independence and performance, (iii) reviews accounting practices, financial structure and financial reporting, (iv) receives and considers the auditor's comments as

to controls, adequacy of staff and management performance and procedures in connection with audit and financial controls, (v) reviews and pre-approves all audit and non-audit services provided to the Company by the independent auditors, and (vi) reviews and pre-approves all related-party transactions. The Audit Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company's financial statements. During the year ended June 30, 2004, the Audit Committee consisted of Dr. Drake as Chairman of the Committee, Mr. Casamento and Dr. Johnson. None of Dr. Drake, Mr. Casamento, or Dr. Johnson is or has been an officer or employee of the Company and in all other respects meets the qualifications of an independent director under Section 121A of the AMEX Company Guide and as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended. The Audit Committee held four (4) meetings during the year ended June 30, 2004 to discuss the quarterly reviews and annual audit of the financial statements with the Company's independent auditors. The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is attached hereto as Appendix A. The Company's Board of Directors has determined that Dr. Drake, Chairman of the Audit Committee, qualifies as an audit committee financial expert under rules promulgated by the Securities and Exchange Commission.

Compensation Committee. The functions of the Compensation Committee include, without limitation, administering the Company's incentive ownership programs and approving the compensation to be paid to the Company's directors and executive officers. The Compensation Committee held two (2) meetings during fiscal 2004 and was comprised of Dr. Johnson as Chairman of the Committee, Dr. Cotman and Mr. Allnutt. None of Dr. Johnson, Dr. Cotman or Mr. Allnutt is or has been an officer or employee of the Company and in all other respects meets the qualifications of an independent director under Section 121A of the AMEX Company Guide. The Compensation Committee operates under a formal charter adopted by the Board of Directors, a copy of which is attached hereto as Appendix B.

Director Nomination Process

Director Nominating Process. In identifying potential nominees, the Board will seek recommendations from existing directors and from management. In addition, the Board will consider candidates that may be recommended by the Company's stockholders in accordance with the procedures described below. In considering the nominees, the Board will consider, among other factors, the potential nominee's character and integrity, independence, experience and knowledge, and willingness and ability to participate in the Board's activities. The Board of Directors does not evaluate nominees recommended by stockholders differently from its evaluation of other director nominees.

The Board of Directors screens the candidates, does reference checks, prepares a biography for each candidate for the Board of Directors to review and conducts interviews. Member of the Board of Directors, including the Company's Chief Executive Officer, interview candidates that meet the criteria and the Board of Directors, with the approval of a majority of the independent directors, selects nominees best suited to serve on the Board of Directors.

Stockholder Recommendations of Board Candidates. The Board of Directors will consider director candidates recommended by the Company's stockholders. Any stockholder desiring to submit a recommendation for consideration by the Board of Directors of a candidate that such stockholder believes is qualified to be a director nominee at any upcoming stockholder meeting may do so by submitting that recommendation in writing to the Board of Directors, c/o Chief Financial Officer, Cortex Pharmaceuticals, Inc., 15231 Barranca Parkway, Irvine, California 92618, not later than 120 days prior to the first anniversary of the date on which the proxy materials for the prior year's annual meeting were first sent to the Company's stockholders. No director nominations by stockholders have been received as of the filing of this proxy statement.

The recommendation should be accompanied by the following information: (i) the name and address of the nominating stockholder and the recommended potential nominee; (ii) a representation that the stockholder is a holder of record of the Company's common stock entitled to vote in the election of the Company's directors, together with information as to the number of shares that are owned by the nominating stockholder, his or her recommended candidate and any other stockholders known by the nominating stockholder to be supporting the candidate's nomination; (iii) a description of any arrangements or understandings, relating to the election of the Company's directors, that may exist between the nominating stockholder, or any person that controls, or is controlled by, or is under common control with, such stockholder, and any other person or persons (naming such person or person); (iv) such other information regarding each such candidate as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (v) the written consent of each such recommended candidate to be named as a nominee and, if nominated by the Board of Directors and elected, to serve as a director.

Attendance at Meetings

During the fiscal year ended June 30, 2004, the Board of Directors held a total of five (5) meetings. No member of the Board of Directors attended fewer than 75% of the meetings of the Board of Directors and of the committees of which he was a member.

Executive Compensation

The following table sets forth summary information concerning compensation paid or accrued by the Company for services rendered during the three fiscal years ended June 30, 2004, to the Company's Chief Executive Officer, Chief Financial Officer, Senior Vice President of Business Development and Senior Vice President of Pharmaceutical Research (collectively, the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Annual Compensation		Long Term Compensation Awards		
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Underlying Options/SARs(#)
	Roger G. Stoll, Ph.D. ⁽¹⁾ President, Chief Executive Officer	2004	240,000		72,000
	2003	212,769		63,000	600,000
Maria S. Messinger, CPA ⁽²⁾ Vice President, Chief Financial Officer and Corporate Secretary	2004	162,540			75,000
	2003	150,000			50,000
	2002	136,815			
James H. Coleman ⁽³⁾ Senior Vice President of Business Development	2004	200,000	28,500		75,000
	2003	190,000	40,000		100,000
	2002	187,391			50,000
Gary A. Rogers, Ph.D. ⁽⁴⁾ Senior Vice President of Pharmaceutical Research	2004	200,000			75,000
	2003	190,000			50,000
	2002	185,833	35,000		40,000

(1) Dr. Stoll was appointed as President and Chief Executive Officer of the Company in August 2002. From February through August 2003, Dr. Stoll agreed to accept stock options in lieu of a portion of his base salary. For those options granted from February through June 2003, the value of the options on the date of grant, or \$20,000, has been reported with his salary in the table above for the fiscal year ended June 30, 2003. Similarly, for those options granted in July and August 2003, the value of these options on the date of grant, or \$8,000, has been reported with his salary in the table above for the fiscal year ended June 30, 2004. Beginning in May 2003, Dr. Stoll voluntarily deferred his entire base salary, as previously reduced. The amount accrued for Dr. Stoll's deferral in May and June 2003, or \$32,000, is reported with his salary for fiscal year 2003 in the table above. Subsequent to the fiscal year ended June 30, 2003, Dr. Stoll agreed to accept stock options in lieu of this deferred salary. Options to purchase 14,545 shares of the Company's common stock were issued to Dr. Stoll, representing \$64,000 of salary deferred (including \$32,000 deferred as of June 30, 2003 and another \$32,000 deferred from August to September 2003), divided by the closing sale price of the Company's common stock on the date that Dr. Stoll's salary was re-instated in September 2003. The value of the options granted in lieu of his salary for the months of July and August 2003, or \$32,000, has been included with his salary in the table above for the fiscal year ended June 30, 2004. The detail of these option grants for fiscal year 2004 is included in the table, Option Grants in Last Fiscal Year. Amounts reported for Other Annual Compensation above represent accrued or paid relocation reimbursements and costs of living allowances associated with assuming a residence in the southern California area, as included in his employment agreement.

- (2) Ms. Messinger agreed to accept stock options in lieu of a portion of her base salary from February 2003 through August 2003. For those options granted from February through June 2003, the value of the options on the date of grant, or \$12,500, has been reported with her salary in the table above for the fiscal year ended June 30, 2003. Similarly, for those options granted in July and August 2003, the value of these options on the date of grant, or \$5,000, has been reported with her salary in the table above for the fiscal year ended June 30, 2004. The detail of the option grants for fiscal year 2004 is included in the table, Option Grants in Last Fiscal Year.
- (3) Mr. Coleman agreed to accept stock options in lieu of a portion of his base salary from February 2003 through August 2003. For those options granted from February through June 2003, the value of these options on the date of grant, or \$15,833, has been reported with Mr. Coleman's salary in the table above for the fiscal year ended June 30, 2003. During 2003, Mr. Coleman also agreed to accept stock options in lieu of the cash bonus provided in his employment agreement. The value of these options on the date of grant, or \$40,000, has been reported as Mr. Coleman's bonus in the table above for the fiscal year ended June 30, 2003. For the options issued in July and August 2003 in lieu of a portion of his base salary, the value of the options on the date of grant, or \$6,333, has been reported with Mr. Coleman's salary in the table above for the fiscal year ended June 30, 2004. The detail of the option grants for fiscal year 2004 is included in the table, Option Grants in Last Fiscal Year.
- (4) Dr. Rogers agreed to accept stock options in lieu of a portion of his base salary from February 2003 through August 2003. For those options granted from February through June 2003, the value of these options on the date of grant, or \$15,833, has been reported with Dr. Roger's salary in the table above for the fiscal year ended June 30, 2003. Similarly, for those options granted in July and August 2003, the value of these options on the date of grant, or \$6,333, has been reported with his salary in the table above for the fiscal year ended June 30, 2004. The detail of these option grants for fiscal year 2004 is included in the table, Option Grants in Last Fiscal Year.

Option Matters

Option Grants. The following table sets forth certain information concerning grants of stock options to the Company's Named Executive Officers during the fiscal year ended June 30, 2004.

Option Grants in Last Fiscal Year

Individual Grants	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term					
	Number of Securities Underlying Options Granted to Employees in Fiscal Year ⁽¹⁾	% of Total Options Granted to Employees in Fiscal Year ⁽¹⁾	Exercise Price (\$/Sh)	Expiration Date	5% (\$)	10% (\$)
Roger G. Stoll, Ph.D.	600,000	54%	2.76	12/09/13	1,041,624	2,639,664
	14,545 ⁽²⁾	1%	4.40	09/02/13	40,255	102,013
	2,326 ⁽³⁾	*	1.72	07/31/13	2,516	6,377
	1,061 ⁽³⁾	*	3.77	08/29/13	2,516	6,376
Maria S. Messinger, CPA	75,000	7%	2.76	12/09/13	130,203	329,958
	1,453 ⁽³⁾	*	1.72	07/31/13	1,572	3,984
	663 ⁽³⁾	*	3.77	08/29/13	1,572	3,984
James H. Coleman	75,000	7%	2.76	12/09/13	130,203	329,958
	1,841 ⁽³⁾	*	1.72	07/31/13	1,992	5,047
	840 ⁽³⁾	*	3.77	08/29/13	1,992	5,048
Gary A. Rogers, Ph.D.	75,000	7%	2.76	12/09/13	130,203	329,958
	1,841 ⁽³⁾	*	1.72	07/31/13	1,992	5,047
	840 ⁽³⁾	*	3.77	08/29/13	1,992	5,048

* Less than one percent

⁽¹⁾ Options to purchase an aggregate of 1,101,527 shares of Common Stock were granted to employees, including the Named Executive Officers, during the fiscal year ended June 30, 2004.

⁽²⁾ Represents stock options granted to Dr. Stoll in lieu of salary for the months from May through August 2003. Options to purchase 14,545 shares of the Company's common stock were issued, representing \$64,000 of salary waived, including \$32,000 waived as of June 30, 2003

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and another \$32,000 waived from August to September 2003, divided by the closing sale price of the Company's common stock on the date that Dr. Stoll's salary was re-instated in September 2003.

- (3) Represents stock options granted to the Named Executive Officer in lieu of 20% of their respective base salary for the months of July and August 2003. On the last day of each of these months, the Named Executive Officer was granted stock options with an aggregate exercise price equal to his or her voluntary salary reduction for that month. The exercise price per share for such options was equal to the closing price of the Company's Common Stock on the last trading day of the applicable month. The options were fully vested on the date of grant, have a ten-year term and are otherwise in accordance with the Company's 1996 Stock Incentive Plan.

Option Exercises. The following table sets forth certain information concerning the exercise of options by the Company's Named Executive Officers during the fiscal year ended June 30, 2004, including the aggregate value of gains on the date of exercise. In addition, the table includes the number of shares covered by both exercisable and unexercisable stock options as of June 30, 2004. Also reported are the values for in the money options which represent the positive spread between the exercise prices of any such existing stock options and \$2.63, the closing price of Common Stock on June 30, 2004, as reported by The American Stock Exchange.

Aggregated Option Exercises in Last Fiscal Year

and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise(#)	Value Realized(\$) (market price at exercise less exercise price)	Number of Securities Underlying Unexercised Options at FY-End(#)		Value of Unexercised In-the-Money Options at FY-E
			Exercisable	Unexercisable	