

OPEXA THERAPEUTICS, INC.

FORM 8-K (Current report filing)

Filed 02/04/05 for the Period Ending 07/21/04

Address	2635 TECHNOLOGY FOREST BLVD. THE WOODLANDS, TX 77381
Telephone	(281) 272-9331
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UNITED STATES
SECURITIES EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 1, 2004

PHARMAFRONTIERS CORP.

(Exact name of registrant as specified in its charter)

Texas	000-25513	760333165
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(State of organization)	(Commission File Number)	(IRS Employer Identification No.)

2408 Timberloch Place	
Suite B-7	
The Woodlands, Texas	77380
-----	-----
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, including area code: (281) 272-9331

Former name or former address, if changed since last report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On July 1, 2004, the Company and C. W. Bill Rouse entered into an amended employment agreement with Mr. Rouse. The amended agreement increases Mr. Rouse's annual salary to \$180,000 effective July 1, 2004, and changes the exercise price and vesting schedule for a five-year option to purchase 100,000 shares of Company common stock granted to Mr. Rouse on April 28, 2004, which terms are similar to those options granted to other Company executive officers. The Exercise Price is reduced to \$3.00 per share and will vest, provided continued employment: 33,333 shares of common stock on April 29, 2005, 33,333 of common stock on April 29, 2006, and 33,334 shares on April 29, 2007. There are no other changes to Mr. Rouse's employment agreement.

On September 10, 2004, PharmaFrontiers Corp. (the "Company") and Warren C. Lau entered into an amended employment agreement with Mr. Lau. As amended, Mr. Lau's employment agreement will continue through September 10, 2005. The amended agreement does not increase Mr. Lau's compensation. However, the amended agreement will make several changes from his existing agreement. Consistent with the Company's Current Report on Form 8-K filed with the SEC on September 21, 2004, where the Company disclosed Mr. Lau resigned as Chief Executive Officer, Chief Operating Officer, President and Treasurer and assumed the position of Managing Director of Licensing, Mr. Lau's employment agreement is amended to reflect his new title. Additionally, Mr. Lau is not entitled to any severance benefits in the event his employment agreement is terminated upon a change of control or by the Company with or without cause. Although Mr. Lau's employment agreement does not contain a non-solicit/no-hire provision, his agreement contains confidentiality, non-compete, assignment of inventions and conflict of interest provisions consistent with his fiduciary duty obligations owed to the Company.

On October 31, 2004, the Company and R. Wayne Fritzsche entered into a Termination, Settlement and Release Agreement. Under the agreement, Mr. Fritzsche agreed to terminate his employment with the Company and resign as Vice President of Corporate Development and as a member of the Scientific Advisory Board, effective as of October 31, 2004. Additionally, Mr. Fritzsche agreed to settle any claims that he may have with the Company and release the Company from any claims under his employment agreement or otherwise. In exchange, the Company agreed to purchase Mr. Fritzsche's option to purchase up to 400,000 shares of Company common stock, which option is to be paid upon the closing of a sale of Company securities resulting in gross proceeds of at least \$5 million in one or a series of equity or debt financings by the Company commencing after July 1, 2004, which financings include the Company's exchangeable, convertible, subordinated notes. Additionally, the Company agreed to waive any claims against Mr. Fritzsche under his employment agreement or otherwise.

ITEM 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

Pursuant to the Termination, Settlement and Release Agreement between the Company and R. Wayne Fritzsche discussed in Item 1.01, his employment agreement is terminated effective October 31, 2004.

The Company entered into a Lease Termination Agreement with Stebbins Green Corner, L.P. terminating the lease for office/warehouse space formally occupied by Opexa Pharmaceuticals, Inc. ("Opexa"), effective January 13, 2005. The Company's right to use and occupy the premises underlying the lease shall terminate on February 28, 2005.

In its acquisition of Opexa in November 2004, which acquisition was previously announced on a Current Report on Form 8-K filed on November 8, 2004, the Company assumed a lease on a 32,041 square foot office/warehouse facility used as Opexa's headquarters located in Houston, TX. This facility was deemed unsuitable for future expansion and a lease termination was negotiated by the Company which terminates the remaining eight year obligation and reduces the annual facility expenses by \$215,000. The lease termination calls for a final monthly lease payment to be paid for February 2005, surrender of the security deposit in the amount of \$15,380, and a lease termination fee of \$56,763. The agreement also contains a mutual release provisions releasing both parties from any claims each may hold against the other under the lease dated on or about May 31, 2002.

ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

R. Wayne Fritzsche resigned as Vice President of Corporate Development and as a member of the Scientific Advisory Board of the Company effective October 31, 2004, as discussed previously in Item 1.01.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBIT

(c) Exhibits

The following exhibits are to be filed as part of this 8-K:

EXHIBIT NO. -----	IDENTIFICATION OF EXHIBIT -----
99.1	Second Amended Employment Agreement with C. William Rouse dated July 1, 2004
99.2	Amended Employment with Warren C. Lau dated September 10, 2004
99.3	Termination, Settlement and Release Agreement with R. Wayne Fritzsche dated October 31, 2004
99.4	Lease Termination Agreement dated January 13, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHARMAFRONTIERS CORP.

By: /s/ David McWilliams

David McWilliams, Chief Executive Officer

DATE: February 4, 2005

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Second Amended Employment Agreement with C. William Rouse dated July 1, 2004
99.2	Amended Employment with Warren C. Lau dated September 10, 2004
99.3	Termination, Settlement and Release Agreement with R. Wayne Fritzsche dated October 31, 2004
99.4	Lease Termination Agreement dated January 13, 2005

SECOND AMENDED EMPLOYMENT AGREEMENT

This Amended Employment Agreement (this "Agreement") is made and effective as of the 1st day of July, 2004, (the "Effective Date"), by and between C. W. Bill Rouse (hereinafter referred to as "Employee") and PharmaFrontiers Corporation (hereinafter referred to as "PharmaFrontiers").

WITNESSETH:

WHEREAS, Employee desires employment with PharmaFrontiers on the terms and conditions below; and

WHEREAS, PharmaFrontiers' success requires the protection of its intellectual property, proprietary information and goodwill and PharmaFrontiers is willing to employ Employee, subject to the terms and conditions below; and

WHEREAS, the parties wish to amend the terms of the employment relationship, with such amendments to supercede and replace their prior agreement as of the Effective Date; and

NOW, THEREFORE, for and in consideration of the employment by PharmaFrontiers, the compensation and other remuneration paid and to be paid by PharmaFrontiers and received by the Employee for such employment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Employee, it is agreed by and between the parties hereto as follows:

1. Employment

PharmaFrontiers agrees to employ the Employee, and Employee agrees that Employee will devote Employee's full productive time, skill, and best efforts during the period of Employee's employment to such duties as may be reasonably assigned to Employee. Employee will faithfully and diligently endeavor to further the best interests of PharmaFrontiers during the period of Employee's employment.

2. Term

Unless earlier terminated in accordance with this Agreement, the term of the Employee's employment shall continue from the Effective Date for a period of one (1) year. Either PharmaFrontiers or Employee may terminate this Agreement on two (2) weeks' prior written notice in the event of a material breach of this Agreement by the other party.

3. Duties and Title

During the term of this Agreement, Employee shall have the title of and shall act as the Vice President, Operations and Administration, and Chief Financial Officer of PharmaFrontiers. Employee shall have the following responsibilities and duties: Employee shall report to PharmaFrontiers' President and the Company's Audit Committee, shall handle corporate administration matters, including the administration of finance and accounting, interface with the Company's accountants and attorneys to ensure timely securities regulatory filings, administration of contracts, and/or have such other responsibilities and duties as may be assigned to Employee by PharmaFrontiers' President and/or Board of Directors from time to time.

4. Compensation

As compensation, PharmaFrontiers shall, upon the complete execution and delivery of this Agreement to PharmaFrontiers, grant Employee a salary of \$180,000 per year, paid monthly. In addition, PharmaFrontiers grants to Employee one (1) option to purchase, at \$3.00 per share One Hundred Thousand (100,000) shares of the common stock of PharmaFrontiers. This option will vest in three parts: 33,333 on April 29, 2005, 33,333 on April 29, 2006 and finally 33,333 on April 29, 2007. Any unexercised options will expire on April 29, 2009. Employee's exercise of such options shall be pursuant to the execution of a stock purchase agreement with terms acceptable to PharmaFrontiers. Any compensation, salary and/or bonuses paid Employee shall be subject to such payroll and withholding deductions as may be required by law or the policies of PharmaFrontiers.

5. Benefits

PharmaFrontiers will provide Employee with the benefits and insurance coverage as generally provided by PharmaFrontiers to its management employees, but only if and when such benefits and/or coverage are provided. As of the Effective Date, no such benefits or coverage are provided. If provided, such benefits and insurance coverages may be changed by PharmaFrontiers from time to time.

6. Confidential and Proprietary Information; Documents

6.1 PharmaFrontiers shall provide Employee with information deemed secret and confidential by PharmaFrontiers. Such secret or confidential information or know-how of PharmaFrontiers (referred to collectively as "Confidential Information") shall include, without limitation, the following:

the status and plans for research and development; materials, cells, tissues, and other biological samples and specimens; cell banking methods, apparatus, and services; pending and planned patent applications (until published by the Patent Office); invention disclosures; research and technical data and information; methods of creating, preparing, and using stem cells and other biological materials; license, sublicense, and other agreements relating to intellectual property rights; PharmaFrontiers' plans; customer or contact information; contributor information; strategies, costs, prices, uses, applications of products and services; results of and data from investigations or experiments; all apparatus, products, processes, compositions, samples, formulas, computer programs, pricing policy, financial information, and methods of doing business; policy and/or procedure manuals, training and recruiting procedures; accounting procedures; the status and content of PharmaFrontiers' contracts with its contributors, clients, and customers; PharmaFrontiers' business philosophy, and servicing methods and techniques; all at any time used, developed, or investigated by PharmaFrontiers, before or during the Employee's tenure of employment, which are not generally available to the public or which are maintained as confidential by PharmaFrontiers.

6.2 Employee recognizes and acknowledges that Employee will have access to certain information of PharmaFrontiers that is confidential and proprietary and constitutes valuable and unique property of PharmaFrontiers. Employee agrees that Employee will not at any time, either during or subsequent to Employee's employment, disclose to others, use, copy or permit to be copied, except in pursuance of Employee's duties on behalf of PharmaFrontiers, its successors, assigns or nominees, any Confidential Information or know-how of PharmaFrontiers (whether or not developed by the Employee) without PharmaFrontiers' prior written consent. Employee further agrees to maintain in confidence any confidential information of third parties received as a result of Employee's employment with PharmaFrontiers.

6.3 Employee further agrees to deliver to PharmaFrontiers at the termination of Employee's employment all biological materials correspondence, memoranda, notes, records, drawings, sketches, plans, customer, client and/or contributor lists, product compositions, or other documents and all copies thereof (all of which are hereafter referred to as the "Documents"), made, composed or received by Employee, solely or jointly with others, and which are in Employee's possession, custody, or control at such date and which are related in any manner to the past, present, or anticipated business of PharmaFrontiers. In this regard, Employee hereby grants and conveys to PharmaFrontiers all right, title and interest in and to, including without limitation, the right to possess, print, copy, and sell or otherwise dispose of, any biological materials, reports, records, papers summaries, photographs, drawings or other documents, and writings, copies, abstracts or summaries thereof, or any other works of authorship, which may be prepared by Employee or under Employee's direction or which may come into Employee's possession in any way during the term of Employee's employment with PharmaFrontiers which relate in any manner to the past, present or anticipated business of PharmaFrontiers.

6.4 Employee further agrees that Employee will not, during Employee's employment, receive from persons not employed by PharmaFrontiers, any confidential information not belonging to PharmaFrontiers, unless a valid agreement is signed by both an officer of PharmaFrontiers and by the disclosing party that states that PharmaFrontiers will not be in a confidential relationship with the disclosing party. Employee further agrees that Employee will not use or disclose to other employees of PharmaFrontiers, during Employee's employment with PharmaFrontiers, confidential information belonging to Employee's former employers, or any other third parties unless written permission has been given by such persons to PharmaFrontiers to use and/or disclose such information.

6.5 In the event of a breach or threatened breach of any of the provisions of Section 6, PharmaFrontiers shall be entitled to an injunction ordering the return of such Documents and any and all copies thereof and restraining Employee from using or disclosing, for Employee's benefit or the benefit of others, in whole or in part, any Confidential Information, including but not limited to the Confidential Information which such Documents contain, constitute, or embody. Employee further agrees that any breach or threatened breach of any of the provisions of Section 6 would cause irreparable injury to PharmaFrontiers for which it would have no adequate remedy at law. Nothing herein shall be construed as prohibiting PharmaFrontiers from pursuing any other remedies available to it for any such breach or threatened breach, including the recovery of damages.

7. Noncompetition/No-Hire Agreement

7.1 Employee agrees that, from the Effective Date until a period of

[two (2) years] following the date of the termination of Employee's employment (the "Noncompetition Period"), Employee will not directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, corporate officer, director, or in any other individual or representative capacity, engage or participate in any "Competitive Business" anywhere in the United States of America, Canada or the European Union (the "Noncompetition Territory"). As used herein, a "Competitive Business" is defined as any business, including those relating to stem cells or cell banking, which provides the same or substantially the same services or licenses to intellectual property rights, in whole or in part, as are provided by PharmaFrontiers during the term of this Agreement.

7.2 Employee further agrees that during the Noncompetition Period and within the Noncompetition Territory Employee will not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, corporate officer, director, or in any other individual or representative capacity, call on, solicit, recruit, or attempt to call on, solicit, or recruit, or attempt to hire any of the employees of PharmaFrontiers, regardless of whether for the benefit of the Employee or for any other person, firm, or corporation.

7.3 Employee shall not during the Noncompetition Period and within the Noncompetition Territory, either directly or indirectly (i) make known to any Competitive Business the names and addresses of any of PharmaFrontiers' customers or contacts or any other information pertaining to such persons or businesses or (ii) call on, solicit, or take away, or attempt to call on, solicit or take away any of the customers of PharmaFrontiers with whom Employee became acquainted during Employee's association with PharmaFrontiers, regardless of whether for the benefit of the Employee or for any other person, firm or corporation.

7.4 Employee agrees that the restraints created by the covenants in

Section 7 are no greater than necessary to protect PharmaFrontiers' legitimate interests. Furthermore, Employee agrees that such covenants of Section 7 do not hinder, or otherwise cause hardship to Employee in finding and performing employment elsewhere upon termination of this Agreement. Similarly, Employee agrees that PharmaFrontiers' need for the protection afforded by the covenants of Section 7 is not outweighed by either the hardship to Employee or any injury likely to the public.

7.5 Employee agrees that this Section is ancillary to this Agreement, and independent of any other agreement related to Employee's employment with PharmaFrontiers, and Employee acknowledges that the consideration given by PharmaFrontiers for this Agreement includes PharmaFrontiers' agreement to provide to the Employee access to the Confidential Information, as well as employment. Further, the existence of any claim or cause of action of Employee against PharmaFrontiers or any officer, director, or employee of PharmaFrontiers, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by PharmaFrontiers of Employee's covenants contained in this Agreement. In addition, this Agreement shall continue to be binding upon Employee in accordance with its terms, notwithstanding the termination of Employee's employment.

7.5 Employee agrees that Employee's breach or violation, or threat thereof, of this covenant not to compete shall entitle PharmaFrontiers, as a matter of right, to an injunction without the necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of this covenant. Such right to an injunction shall be cumulative and in addition to, and not in lieu of, any other remedies to which PharmaFrontiers may show itself justly entitled. Further, during any period in which Employee is in breach of this covenant not to compete, the time period of this covenant shall be extended for an amount of time that Employee is in breach.

8. Inventions and Other Intellectual Property

8.1 Employee agrees to hold in complete trust for the benefit of PharmaFrontiers, and to disclose promptly and fully to PharmaFrontiers in writing, and hereby assigns, and binds Employee's heirs, executors, administrators, and all legal representatives to assign, to PharmaFrontiers any and all inventions, discoveries, ideas, concepts, improvements, copyrightable works, biological materials, and other developments (all of the above are collectively referred to as the "Developments") conceived, made, discovered or developed by him, solely or jointly with others, during the term of Employee's employment by PharmaFrontiers, whether during or outside of usual working hours and whether on PharmaFrontiers' premises or not, which relate in any manner to the past, present or anticipated business of PharmaFrontiers. Any and all such Developments shall be the sole and exclusive property of PharmaFrontiers, whether patentable, copyrightable, or neither, and Employee agrees that Employee will assist and fully cooperate in every way, at PharmaFrontiers' expense, in securing, maintaining, and enforcing, for the benefit of PharmaFrontiers or its designee, patents, copyrights or other types of proprietary or intellectual property protection for such Developments in any and all countries. Employee acknowledges and agrees that any and all such Developments conceived, created, or authored by him within the scope of Employee's employment is a "work made for hire," as defined by the federal copyright laws, and therefore all copyrights in and to such works are and will be owned by PharmaFrontiers. To the extent that Employee authors any copyrightable work in any medium during the Term of this Agreement which relates or pertains in any way to PharmaFrontiers or any of the operations or activities of either and which was not prepared within the scope of Employee's employment, Employee hereby assigns all right, title, and interest, including but not limited to all rights of copyright, in and to such works to PharmaFrontiers. Within six months following the termination of Employee's employment, and without limiting the generality of the foregoing, any Development of the Employee relating to any PharmaFrontiers subject matter on which Employee worked or was informed during Employee's employment by PharmaFrontiers shall be conclusively presumed to have been conceived and made prior to the termination of Employee's employment (unless the Employee clearly proves that such Development was conceived and made following the termination of Employee's employment), and shall accordingly belong, and be assigned, to PharmaFrontiers and shall be subject to this Agreement.

8.2 Without limiting the foregoing, Employee agrees at the request of PharmaFrontiers (but without additional compensation from PharmaFrontiers during Employee's employment by PharmaFrontiers) to execute any and all papers and perform all lawful acts which PharmaFrontiers deems necessary for the preparation, filing, prosecution, and maintenance of applications for United States and foreign letters patent, or for United States and foreign copyrights, on the Developments, and to execute such instruments as are necessary or convenient to assign to PharmaFrontiers, its successors, assigns or nominees, all of the Employee's right, title, and interest in the Developments and the like, so as to establish, maintain or perfect, in PharmaFrontiers, its successors, assigns or nominees, the entire right, title, and interest to the Developments, and also to execute any instruments necessary or which PharmaFrontiers may deem desirable in connection with any continuation, renewal or reissue thereof, or in the conduct of any proceedings or litigation in regard thereto.

8.3 All expenses incurred by the Employee by reason of the performance of any of the obligations set forth in this Section on Inventions shall be borne by PharmaFrontiers. Should the Employee's assistance be requested by PharmaFrontiers after termination of employment, PharmaFrontiers would compensate the Employee at a reasonable rate.

9. Conflicts of Interest

9.1 In keeping with Employee's fiduciary duties to PharmaFrontiers, Employee agrees that Employee shall not, directly or indirectly, become involved in any conflict of interest, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees that Employee shall promptly disclose to The Board of PharmaFrontiers any facts which might involve any reasonable possibility of a conflict of interest. Employee shall maintain the highest standards of conduct, and shall not do anything likely to injure the reputation or goodwill of PharmaFrontiers, or embarrass or otherwise generate adverse publicity for or bring unwanted attention to PharmaFrontiers.

9.2 It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect PharmaFrontiers or any of its subsidiaries or affiliates, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Employee would or might arise, and which should be reported immediately by Employee to an officer of PharmaFrontiers, include, without limitation, the following: (a) ownership of a material interest in, acting in any capacity for, or accepting directly or indirectly any payments, services or loans from a supplier, contractor, subcontractor, customer or other entity with which PharmaFrontiers does business; (b) misuse of information or facilities to which Employee has access in a manner which will be detrimental to PharmaFrontiers' interest; (c) disclosure or other misuse of information of any kind obtained through the Employee's connection with PharmaFrontiers; (d) acquiring or trading in, directly or indirectly, other properties or interests connected with the design, manufacture or marketing of products designed, manufactured or marketed by PharmaFrontiers; (e) the appropriation to the Employee or the diversion to others, directly or indirectly, of any opportunity in which it is known or could reasonably be anticipated that PharmaFrontiers would be interested; and (f) the ownership, directly or indirectly, of a material interest in an enterprise in competition with PharmaFrontiers or its dealers and distributors or acting as a director, officer, partner, consultant, employee or agent of any enterprise which is in competition with PharmaFrontiers or its dealers and distributors.

10. Activities Associated With Maintenance of Professional Status and Community Activities

PharmaFrontiers will reimburse Employee for the costs of activities associated with the maintenance of the Employee's professional status, including the payment of licensing fees and required continuing education, expenses for professional/network meetings, as well as community activities.

11. Prior Discoveries

Employee attaches hereto, concurrently with the execution of this Agreement, a list and brief description of all unpatented inventions and discoveries, if any exist, made or conceived by Employee prior to Employee's employment with PharmaFrontiers and which are to be excluded from this Agreement. If no such list is attached at the time of execution of this Agreement, it shall be conclusively presumed that Employee has waived any right Employee may have to any such invention or discovery which relates to PharmaFrontiers' business.

12. Publicity

12.1 Employee agrees that PharmaFrontiers may use, and hereby grants PharmaFrontiers the nonexclusive and worldwide right to use, Employee's name, picture, likeness, photograph, signature, or any other attribute of Employee's persona (all of such attributes are hereafter collectively referred to as "Persona") in any media for any advertising, publicity or other purpose at any time, either during or subsequent to Employee's employment by PharmaFrontiers. Employee agrees that such use of Employee's Persona will not result in any invasion or violation of any privacy or property rights Employee may have; and Employee agrees that Employee will receive no additional compensation for the use of Employee's Persona. Employee further agrees that any negatives, prints or other material for printing or reproduction purposes prepared in connection with the use of Employee's Persona by PharmaFrontiers shall be and are the sole property of PharmaFrontiers.

12.2 Employee further agrees that at no time shall Employee write, author, publish, distribute, or cause to be published or distributed any pictorial, graphic, or literary works, such as but without limitation, books, articles, stories, or pamphlets, in any medium of expression, tangible or intangible, that relate, describe, or pertain in any way to PharmaFrontiers or to the operations, activities, or employees of PharmaFrontiers without first obtaining the prior written consent of the Board of Directors of PharmaFrontiers to do so and also the prior written approval of the contents of any such work by the Board of Directors of PharmaFrontiers.

13. Remedies

Employee and PharmaFrontiers agree that, because damages at law for any breach or nonperformance of this Agreement by Employee, while recoverable, are and will be inadequate, this Agreement may be enforced in equity by specific performance, injunction, accounting or otherwise.

14. Miscellaneous

14.1 This Agreement is made and entered into as of the Effective Date and the rights and obligations of the parties hereto shall be binding upon the heirs and legal representatives of the Employee and the successors and assigns of PharmaFrontiers. This Agreement may be assigned by PharmaFrontiers but is personal to the Employee and no rights, duties, and obligations of Employee hereunder may be assigned.

14.2 No waiver or non-action with respect to any breach by the other party of any provision of this Agreement, nor the waiver or non-action with respect to any breach of the provisions of similar agreements with other employees shall be construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

14.3 Should any portions hereof be held to be invalid or wholly or partially unenforceable, such holding shall not invalidate or void the remainder of this Agreement. The portions held to be invalid or unenforceable shall be revised and reduced in scope so as to be valid and enforceable, or, if such is not possible, then such portions shall be deemed to have been wholly excluded with the same force and effect as if it had never been included herein.

14.4 Employee's obligations under this Agreement to PharmaFrontiers shall survive the termination, for whatever reason, of Employee's employment by PharmaFrontiers.

14.5 This Agreement supersedes, replaces and merges any and all prior and contemporaneous understandings, representations, agreements and discussions relating to the same or similar subject matter as that of this Agreement between Employee and PharmaFrontiers and constitutes the sole and entire agreement between the Employee and PharmaFrontiers with respect to the subject matter of this Agreement.

14.6 The laws of the State of Texas, excluding any conflicts of law rule or principle that might otherwise refer to the substantive law of another jurisdiction, will govern the interpretation, validity and effect of this Agreement without regard to the place of execution or the place for performance thereof, and PharmaFrontiers and Employee agree that the state and federal courts in Harris County, Texas, shall have personal jurisdiction and venue over PharmaFrontiers and Employee to hear all disputes arising under this Agreement. This Agreement is to be at least partially performed in Harris County, Texas.

14.7 All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when mailed by registered mail or certified mail, return receipt requested, as follows:

If to PharmaFrontiers, to:

Mr. Warren C. Lau
PharmaFrontiers Corporation
10211 Silver Leaf Lane
Tomball, Texas 77375

If to Employee, to:

Mr. C. W. Bill Rouse
2030 McClendon Houston,
Texas 77030

or to such other addresses as either party may designate by notice to the other party hereto in the manner specified in this section.

14.8 This Agreement may not be changed or terminated orally, and no change, termination or waiver of this Agreement or of any of the provisions herein contained shall be binding unless made in writing and signed by both parties, and in the case of PharmaFrontiers, by an authorized officer of PharmaFrontiers. Any change or changes, from time to time, in Employee's salary and/or duties shall not be, nor be deemed to be, a change, termination or waiver of this Agreement or of any of the provisions herein contained.

PHARMAFRONTIERS CORPORATION EMPLOYEE

By: /s/ David B. McWilliams

David B. McWilliams

By: /s/ C.W. Rouse

C. W. Bill Rouse

AMENDED EMPLOYMENT AGREEMENT

This Revised Employment Agreement (this "Revised Agreement") is made and entered into as of the 10th day of September, 2004, (the "Effective Date"), by and between Warren C. Lau (hereinafter referred to as "Employee") and PharmaFrontiers Corporation (hereinafter referred to as "PharmaFrontiers").

WITNESSETH:

WHEREAS, Employee desires to replace his Employment Agreement dated January 20, 2004 with this Amended Agreement on the terms and conditions below; and

WHEREAS, PharmaFrontiers' success requires the protection of its intellectual property, proprietary information and goodwill and PharmaFrontiers is willing to employ Employee, subject to the terms and conditions below;

NOW, THEREFORE, for and in consideration of the employment by PharmaFrontiers, the compensation and other remuneration paid and to be paid by PharmaFrontiers and received by the Employee for such employment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Employee, it is agreed by and between the parties hereto as follows:

1. Employment

PharmaFrontiers agrees to employ the Employee, and Employee agrees that Employee will devote the majority of Employee's productive time, skill, and best efforts during the period of Employee's employment to such duties as may be reasonably assigned to Employee. Employee will faithfully and diligently endeavor to further the best interests of PharmaFrontiers during the period of Employee's employment.

2. Term

Unless earlier terminated in accordance with this Agreement, the term of the Employee's employment shall continue from the Effective Date for a period of one (1) year. Either PharmaFrontiers or Employee may terminate this Agreement on two (2) weeks' prior written notice in the event of a material breach of this Agreement by the other party.

3. Duties and Title

During the term of this Agreement, Employee shall have the title of and shall act as the Managing Director of Licensing of PharmaFrontiers. Employee shall have the following responsibilities and duties: Employee shall report to PharmaFrontiers' CEO, and have such responsibilities and duties as may be assigned to Employee by PharmaFrontiers' CEO and/or Board of Directors from time to time.

4. Compensation

As compensation, PharmaFrontiers shall, upon the complete execution and delivery of this Agreement to PharmaFrontiers, grant Employee a salary of \$98,500 per year, paid semi-monthly. Any compensation, salary and/or bonuses paid Employee shall be subject to such payroll and withholding deductions as may be required by law or the policies of PharmaFrontiers.

5. Benefits

PharmaFrontiers will provide Employee with benefits and health insurance coverage at no cost to Employee. Such benefits and insurance coverages may be changed by PharmaFrontiers from time to time.

6. Confidential and Proprietary Information; Documents

6.1 PharmaFrontiers shall provide Employee with information deemed secret and confidential by PharmaFrontiers. Such secret or confidential information or know-how of PharmaFrontiers (referred to collectively as "Confidential Information") shall include, without limitation, the following:

the status and plans for research and development; materials, cells, tissues, and other biological samples and specimens; cell banking methods, apparatus, and services; pending and planned patent applications (until published by the Patent Office); invention disclosures; research and technical data and information; methods of creating, preparing, and using stem cells and other biological materials; license, sublicense, and other agreements relating to intellectual property rights; PharmaFrontiers' plans; customer or contact information; contributor information; strategies, costs, prices, uses, applications of products and services; results of and data from investigations or experiments; all apparatus, products, processes, compositions, samples, formulas, computer programs, pricing policy, financial information, and methods of doing business; policy and/or procedure manuals, training and recruiting procedures; accounting procedures; the status and content of PharmaFrontiers' contracts with its contributors, clients, and customers; PharmaFrontiers' business philosophy, and servicing methods and techniques; all at any time used, developed, or investigated by PharmaFrontiers, before or during the Employee's tenure of employment, which are not generally available to the public or which are maintained as confidential by PharmaFrontiers.

6.2 Employee recognizes and acknowledges that Employee will have access to certain information of PharmaFrontiers that is confidential and proprietary and constitutes valuable and unique property of PharmaFrontiers. Employee agrees that Employee will not at any time, either during or subsequent to Employee's employment, disclose to others, use, copy or permit to be copied, except in pursuance of Employee's duties on behalf of PharmaFrontiers, its successors, assigns or nominees, any Confidential Information or know-how of PharmaFrontiers (whether or not developed by the Employee) without PharmaFrontiers' prior written consent. Employee further agrees to maintain in confidence any confidential information of third parties received as a result of Employee's employment with PharmaFrontiers.

6.3 Employee further agrees to deliver to PharmaFrontiers at the termination of Employee's employment all biological materials correspondence, memoranda, notes, records,

drawings, sketches, plans, customer, client and/or contributor lists, product compositions, or other documents and all copies thereof (all of which are hereafter referred to as the "Documents"), made, composed or received by Employee, solely or jointly with others, and which are in Employee's possession, custody, or control at such date and which are related in any manner to the past, present, or anticipated business of PharmaFrontiers. In this regard, Employee hereby grants and conveys to PharmaFrontiers all right, title and interest in and to, including without limitation, the right to possess, print, copy, and sell or otherwise dispose of, any biological materials, reports, records, papers summaries, photographs, drawings or other documents, and writings, copies, abstracts or summaries thereof, or any other works of authorship, which may be prepared by Employee or under Employee's direction or which may come into Employee's possession in any way during the term of Employee's employment with PharmaFrontiers which relate in any manner to the past, present or anticipated business of PharmaFrontiers.

6.4 Employee further agrees that Employee will not, during Employee's employment, receive from persons not employed by PharmaFrontiers, any confidential information not belonging to PharmaFrontiers, unless a valid agreement is signed by both an officer of PharmaFrontiers and by the disclosing party that states that PharmaFrontiers will not be in a confidential relationship with the disclosing party. Employee further agrees that Employee will not use or disclose to other employees of PharmaFrontiers, during Employee's employment with PharmaFrontiers, confidential information belonging to Employee's former employers, or any other third parties unless written permission has been given by such persons to PharmaFrontiers to use and/or disclose such information.

6.5 In the event of a breach or threatened breach of any of the provisions of Section 6, PharmaFrontiers shall be entitled to an injunction ordering the return of such Documents and any and all copies thereof and restraining Employee from using or disclosing, for Employee's benefit or the benefit of others, in whole or in part, any Confidential Information, including but not limited to the Confidential Information which such Documents contain, constitute, or embody. Employee further agrees that any breach or threatened breach of any of the provisions of Section 6 would cause irreparable injury to PharmaFrontiers for which it would have no adequate remedy at law. Nothing herein shall be construed as prohibiting PharmaFrontiers from pursuing any other remedies available to it for any such breach or threatened breach, including the recovery of damages.

7. Noncompetition/No-Hire Agreement

7.1 Employee agrees that, from the Effective Date until a period of [two (2) years] following the date of the termination of Employee's employment (the "Noncompetition Period"), Employee will not directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, corporate officer, director, or in any other individual or representative capacity, engage or participate in any "Competitive Business" anywhere in the United States of America, Canada or the European Union (the "Noncompetition Territory"). As used herein, a "Competitive Business" is defined as any business, including those relating to stem cells or cell banking, which provides the same or substantially the same services or licenses to intellectual property rights, in whole or in part, as are provided by PharmaFrontiers during the term of this Agreement.

7.2 Employee shall not during the Noncompetition Period and within the Noncompetition Territory, either directly or indirectly (i) make known to any Competitive Business the names and addresses of any of PharmaFrontiers' customers or contacts or any other information pertaining to such persons or businesses or (ii) call on, solicit, or take away, or attempt to call on, solicit or take away any of the customers of PharmaFrontiers with whom Employee became acquainted during Employee's association with PharmaFrontiers, regardless of whether for the benefit of the Employee or for any other person, firm or corporation.

7.3 Employee agrees that the restraints created by the covenants in Section 7 are no greater than necessary to protect PharmaFrontiers' legitimate interests. Furthermore, Employee agrees that such covenants of Section 7 do not hinder, or otherwise cause hardship to Employee in finding and performing employment elsewhere upon termination of this Agreement. Similarly, Employee agrees that PharmaFrontiers' need for the protection afforded by the covenants of Section 7 is not outweighed by either the hardship to Employee or any injury likely to the public.

7.4 Employee agrees that this Section is ancillary to this Agreement, and independent of any other agreement related to Employee's employment with PharmaFrontiers, and Employee acknowledges that the consideration given by PharmaFrontiers for this Agreement includes PharmaFrontiers' agreement to provide to the Employee access to the Confidential Information, as well as employment. Further, the existence of any claim or cause of action of Employee against PharmaFrontiers or any officer, director, or employee of PharmaFrontiers, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by PharmaFrontiers of Employee's covenants contained in this Agreement. In addition, this Agreement shall continue to be binding upon Employee in accordance with its terms, notwithstanding the termination of Employee's employment.

7.5 Employee agrees that Employee's breach or violation, or threat thereof, of this covenant not to compete shall entitle PharmaFrontiers, as a matter of right, to an injunction without the necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of this covenant. Such right to an injunction shall be cumulative and in addition to, and not in lieu of, any other remedies to which PharmaFrontiers may show itself justly entitled. Further, during any period in which Employee is in breach of this covenant not to compete, the time period of this covenant shall be extended for an amount of time that Employee is in breach.

8. Inventions and Other Intellectual Property

8.1 Employee agrees to hold in complete trust for the benefit of PharmaFrontiers, and to disclose promptly and fully to PharmaFrontiers in writing, and hereby assigns, and binds Employee's heirs, executors, administrators, and all legal representatives to assign, to PharmaFrontiers any and all inventions, discoveries, ideas, concepts, improvements, copyrightable works, biological materials, and other developments (all of the above are

collectively referred to as the "Developments") conceived, made, discovered or developed by him, solely or jointly with others, during the term of Employee's employment by PharmaFrontiers, whether during or outside of usual working hours and whether on PharmaFrontiers' premises or not, which relate in any manner to the past, present or anticipated business of PharmaFrontiers. Any and all such Developments shall be the sole and exclusive property of PharmaFrontiers, whether patentable, copyrightable, or neither, and Employee agrees that Employee will assist and fully cooperate in every way, at PharmaFrontiers' expense, in securing, maintaining, and enforcing, for the benefit of PharmaFrontiers or its designee, patents, copyrights or other types of proprietary or intellectual property protection for such Developments in any and all countries. Employee acknowledges and agrees that any and all such Developments conceived, created, or authored by him within the scope of Employee's employment is a "work made for hire," as defined by the federal copyright laws, and therefore all copyrights in and to such works are and will be owned by PharmaFrontiers. To the extent that Employee authors any copyrightable work in any medium during the Term of this Agreement which relates or pertains in any way to PharmaFrontiers or any of the operations or activities of either and which was not prepared within the scope of Employee's employment, Employee hereby assigns all right, title, and interest, including but not limited to all rights of copyright, in and to such works to PharmaFrontiers. Within six months following the termination of Employee's employment, and without limiting the generality of the foregoing, any Development of the Employee relating to any PharmaFrontiers subject matter on which Employee worked or was informed during Employee's employment by PharmaFrontiers shall be conclusively presumed to have been conceived and made prior to the termination of Employee's employment (unless the Employee clearly proves that such Development was conceived and made following the termination of Employee's employment), and shall accordingly belong, and be assigned, to PharmaFrontiers and shall be subject to this Agreement.

8.2 Without limiting the foregoing, Employee agrees at the request of PharmaFrontiers (but without additional compensation from PharmaFrontiers during Employee's employment by PharmaFrontiers) to execute any and all papers and perform all lawful acts which PharmaFrontiers deems necessary for the preparation, filing, prosecution, and maintenance of applications for United States and foreign letters patent, or for United States and foreign copyrights, on the Developments, and to execute such instruments as are necessary or convenient to assign to PharmaFrontiers, its successors, assigns or nominees, all of the Employee's right, title, and interest in the Developments and the like, so as to establish, maintain or perfect, in PharmaFrontiers, its successors, assigns or nominees, the entire right, title, and interest to the Developments, and also to execute any instruments necessary or which PharmaFrontiers may deem desirable in connection with any continuation, renewal or reissue thereof, or in the conduct of any proceedings or litigation in regard thereto.

8.3 All expenses incurred by the Employee by reason of the performance of any of the obligations set forth in this Section on Inventions shall be borne by PharmaFrontiers. Should the Employee's assistance be requested by PharmaFrontiers after termination of employment, PharmaFrontiers would compensate the Employee at a reasonable rate.

9. Conflicts of Interest

9.1 In keeping with Employee's fiduciary duties to PharmaFrontiers, Employee agrees that Employee shall not, directly or indirectly, become involved in any conflict of interest, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees that Employee shall promptly disclose to The Board of PharmaFrontiers any facts which might involve any reasonable possibility of a conflict of interest. Employee shall maintain the highest standards of conduct, and shall not do anything likely to injure the reputation or goodwill of PharmaFrontiers, or embarrass or otherwise generate adverse publicity for or bring unwanted attention to PharmaFrontiers.

9.2 It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect PharmaFrontiers or any of its subsidiaries or affiliates, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Employee would or might arise, and which should be reported immediately by Employee to an officer of PharmaFrontiers, include, without limitation, the following: (a) ownership of a material interest in, acting in any capacity for, or accepting directly or indirectly any payments, services or loans from a supplier, contractor, subcontractor, customer or other entity with which PharmaFrontiers does business; (b) misuse of information or facilities to which Employee has access in a manner which will be detrimental to PharmaFrontiers' interest; (c) disclosure or other misuse of information of any kind obtained through the Employee's connection with PharmaFrontiers; (d) acquiring or trading in, directly or indirectly, other properties or interests connected with the design, manufacture or marketing of products designed, manufactured or marketed by PharmaFrontiers; (e) the appropriation to the Employee or the diversion to others, directly or indirectly, of any opportunity in which it is known or could reasonably be anticipated that PharmaFrontiers would be interested; and (f) the ownership, directly or indirectly, of a material interest in an enterprise in competition with PharmaFrontiers or its dealers and distributors or acting as a director, officer, partner, consultant, employee or agent of any enterprise which is in competition with PharmaFrontiers or its dealers and distributors.

10. Activities Associated With Maintenance of Professional Status and Community Activities

PharmaFrontiers will reimburse Employee for the costs of activities associated with the maintenance of the Employee's professional status, including the payment of licensing fees and required continuing education, expenses for professional/network meetings, as well as community activities.

11. Prior Discoveries

Employee attaches hereto, concurrently with the execution of this Agreement, a list and brief description of all unpatented inventions and discoveries, if any exist, made or conceived by Employee prior to Employee's employment with PharmaFrontiers and which are to be excluded from this Agreement. If no such list is attached at the time of execution of this Agreement, it shall be conclusively presumed that Employee has waived any right Employee may have to any such invention or discovery which relates to PharmaFrontiers' business.

12. Publicity

12.1 Employee agrees that PharmaFrontiers may use, and hereby grants PharmaFrontiers the nonexclusive and worldwide right to use, Employee's name, picture, likeness, photograph, signature, or any other attribute of Employee's persona (all of such attributes are hereafter collectively referred to as "Persona") in any media for any advertising, publicity or other purpose at any time, either during or subsequent to Employee's employment by PharmaFrontiers. Employee agrees that such use of Employee's Persona will not result in any invasion or violation of any privacy or property rights Employee may have; and Employee agrees that Employee will receive no additional compensation for the use of Employee's Persona. Employee further agrees that any negatives, prints or other material for printing or reproduction purposes prepared in connection with the use of Employee's Persona by PharmaFrontiers shall be and are the sole property of PharmaFrontiers.

12.2 Employee further agrees that at no time shall Employee write, author, publish, distribute, or cause to be published or distributed any pictorial, graphic, or literary works, such as but without limitation, books, articles, stories, or pamphlets, in any medium of expression, tangible or intangible, that relate, describe, or pertain in any way to PharmaFrontiers or to the operations, activities, or employees of PharmaFrontiers without first obtaining the prior written consent of the Board of Directors of PharmaFrontiers to do so and also the prior written approval of the contents of any such work by the Board of Directors of PharmaFrontiers.

13. Remedies

Employee and PharmaFrontiers agree that, because damages at law for any breach or nonperformance of this Agreement by Employee, while recoverable, are and will be inadequate, this Agreement may be enforced in equity by specific performance, injunction, accounting or otherwise.

14. Miscellaneous

14.1 This Agreement is made and entered into as of the Effective Date and the rights and obligations of the parties hereto shall be binding upon the heirs and legal representatives of the Employee and the successors and assigns of PharmaFrontiers. This Agreement may be assigned by PharmaFrontiers but is personal to the Employee and no rights, duties, and obligations of Employee hereunder may be assigned.

14.2 No waiver or non-action with respect to any breach by the other party of any provision of this Agreement, nor the waiver or non-action with respect to any breach of the provisions of similar agreements with other employees shall be construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

14.3 Should any portions hereof be held to be invalid or wholly or partially unenforceable, such holding shall not invalidate or void the remainder of this Agreement. The

portions held to be invalid or unenforceable shall be revised and reduced in scope so as to be valid and enforceable, or, if such is not possible, then such portions shall be deemed to have been wholly excluded with the same force and effect as if it had never been included herein.

14.4 Employee's obligations under this Agreement to PharmaFrontiers shall survive the termination, for whatever reason, of Employee's employment by PharmaFrontiers.

14.5 This Agreement supersedes, replaces and merges any and all prior and contemporaneous understandings, representations, agreements and discussions relating to the same or similar subject matter as that of this Agreement between Employee and PharmaFrontiers and constitutes the sole and entire agreement between the Employee and PharmaFrontiers with respect to the subject matter of this Agreement.

14.6 The laws of the State of Texas, excluding any conflicts of law rule or principle that might otherwise refer to the substantive law of another jurisdiction, will govern the interpretation, validity and effect of this Agreement without regard to the place of execution or the place for performance thereof, and PharmaFrontiers and Employee agree that the state and federal courts in Harris County, Texas, shall have personal jurisdiction and venue over PharmaFrontiers and Employee to hear all disputes arising under this Agreement. This Agreement is to be at least partially performed in Harris County, Texas.

14.7 All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when mailed by registered mail or certified mail, return receipt requested, as follows:

If to PharmaFrontiers, to:

Mr. Warren C. Lau
PharmaFrontiers Corporation
2408 Timberloch Place, Suite B-7 The Woodlands, Texas 77380

If to Employee, to:

Warren C. Lau
10211 Silver Leaf Lane
Tomball, TX 77375

or to such other addresses as either party may designate by notice to the other party hereto in the manner specified in this section.

14.8 This Agreement may not be changed or terminated orally, and no change, termination or waiver of this Agreement or of any of the provisions herein contained shall be binding unless made in writing and signed by both parties, and in the case of PharmaFrontiers, by an authorized officer of PharmaFrontiers. Any change or changes, from time to time, in Employee's salary and/or duties shall not be, nor be deemed to be, a change, termination or waiver of this Agreement or of any of the provisions herein contained.

PHARMAFRONTIERS CORPORATION:

By: /s/ David B. McWilliams

David B. McWilliams, CEO

EMPLOYEE:

By: /s/ Warren C. Lau

Warren C. Lau

TERMINATION, SETTLEMENT AND RELEASE AGREEMENT

This Termination, Settlement and Release Agreement (the "Termination Agreement") is made this 31st day of October, 2004 ("Effective Date"), by and between PharmaFrontiers Corp., a Texas corporation (the "Company" or "Pharma"), and R. Wayne Fritzsche ("Fritzsche").

R E C I T A L S

WHEREAS, Fritzsche is engaged as the Vice President of Corporate Development under that certain Employment Agreement between Fritzsche and the Company (the "Employment Agreement");

WHEREAS, Fritzsche is a member of the Scientific Advisory Board of the Company;

WHEREAS, the Company and Fritzsche desire to terminate the Employment Agreement and, in connection with such termination, as of the Effective Date, Fritzsche agrees to settle any claims that he may have with the Company and release the Company and Pharma from any liability he may claim;

WHEREAS, the Company has agreed to repurchase from Fritzsche certain of shares of Company Securities (as defined below), as provided in this Termination Agreement, in full and complete satisfaction of any compensation which Fritzsche may be entitled to as contemplated by the Employment Agreement or any other verbal agreement with the Company;

WHEREAS, upon the Effective Date, Fritzsche agrees to resign from his positions as Vice President of Corporate Development and member of the Scientific Advisory Board of the Company;

NOW, THEREFORE, in consideration of the execution, delivery and performance of this Termination Agreement, and for other good and valuable consideration, the parties hereto intending to be legally bound, mutually agree as follows:

1. CAPITALIZED TERMS. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Employment Agreement which was signed by Fritzsche on April 28, 2004.

2. CONTINUED OBLIGATIONS, TERMINATION, RESIGNATION AND PAYMENT.

(A) TERMINATION OF EMPLOYMENT AGREEMENT. As of the Effective Date, the parties hereby terminate the Employment Agreement and the Company hereby releases Fritzsche from any and all further obligations arising under the Employment Agreement; provided, however, that Fritzsche shall continue to be bound by the Confidential and Proprietary Information, Inventions and Other Intellectual Property provisions and any other provision that by its terms survive the expiration of the Employment Agreement, except the Noncompetition/No-Hire provision.

(B) RESIGNATION. Fritzsche hereby resigns his position as Vice President of Corporate Development and member of the Scientific Advisory of the Company effective as of the Effective Date.

(C) PAYMENT BY THE COMPANY. The Company agrees to repurchase from Fritzsche 400,000 of Fritzsche's options to purchase Company common stock ("Company Securities") for \$37,500 upon the closing of the sale of securities resulting in gross proceeds of at least \$5 million in one or a series of equity or debt financings by the Company commencing after July 1, 2004 ("Financings"), which Financings include the Company's exchangeable, convertible, subordinated notes. Fritzsche agrees that the Company Securities owned by Fritzsche are free and clear of any liens, pledges, restrictions or security interests.

3. WAIVER AND RELEASE.

(A) WAIVER AND RELEASE BY FRITZSCHE. Fritzsche hereby waives any and all claims, charges, complaints, liabilities, obligations, promises, agreements, contracts, damages, actions, causes of action, suits, accrued benefits or other liabilities of any kind or character, whether known or hereafter discovered (the "Claims"), arising in connection with or otherwise relating to the Employment Agreement, his relationship with the Company and his termination therefrom or his resignation as Vice President of Business Development and member of the Scientific Advisory Board of the Company, that he has or may have against the Company, and its officers, directors, shareholders, agents and employees and its successors and assigns, and all other persons, firms, partnerships, or corporations in control of, under the direction of, or in any way presently or formerly associated with the Company (the "Released Parties") of any kind whatsoever, including, but not limited to, allegations of wrongful termination, breach of contract (other than in connection with this Termination Agreement), intentional infliction of emotional distress, negligent infliction of emotional distress, defamation, invasion of privacy, any action in tort or contract (including any action under the Company's charter documents), any claims arising under and/or for any alleged violation of any federal, state, or local law (including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. ss. 2000e et seq., the Civil Rights Act of 1866, 42 U.S.C. ss. 1981 et seq., the Equal Pay Act, 29 U.S.C. ss. 206; the Employee Retirement Income Security Act of 1974, as amended ("ERISA") 29 U.S.C. ss. 1001 et seq. (non-vested rights), the Americans with Disabilities Act, 42 U.S.C. ss. 12101 et seq., the Age Discrimination Employment Act of 1967, as amended ("ADEA"), 29 U.S.C. ss. 621 et seq., the Fair Labor Standards Act, as amended, 29 U.S.C. ss. 201 et seq., the National Labor Relations Act, 29 U.S.C. ss. 151 et seq., the Family and Medical Leave Act of 1993, 29 U.S.A. ss. 2601 et seq., the Worker Adjustment and Retraining Notification Act (WARN), 29 U.S.C., ss. 2101 et seq., the Occupational Safety and Health Act, as amended, the Texas Commission on Human Rights Act, Texas Labor Code ss. 21.001 et seq., the Texas Payday Act, Texas Labor Code, ss. 61.01 et seq., the Texas Workers' Compensation Statute, Texas Labor Code ss. 451.0001 et seq., and any other employment or civil rights act) and any and all claims

for severance pay, bonus payments, stock options or rights to acquire shares of common stock, of the Company and, except as provided by law, benefits under any compensation or employee benefit plan, program, policy, contract, agreement or other arrangement of the Company (including the Employment Agreement) and does hereby release and forever discharge all of the Released Parties of and from any and all debts, claims, demands, damages, actions, causes of action, or liabilities of any nature whatsoever arising in connection with or otherwise relating to the Employment Agreement, his relationship with the Company and his termination therefrom or his resignation as Vice President of Corporate Development and member of the Scientific Advisory Board of the Company, that Fritzsche shall or may have against any of the Released Parties. Fritzsche will submit all reimbursable expenses due to him by the company within 10 days of the effective date of this agreement.

(B) WAIVER AND RELEASE BY THE COMPANY. The Company, on its own behalf and on behalf of its successors and assigns, hereby waives any and all Claims arising in connection with or otherwise relating to the Employment Agreement, Fritzsche's relationship with the Company and his termination therefrom or his resignation as Vice President of Corporate Development and member of the Scientific Advisory Board of the Company, that it has or may have against Fritzsche and does hereby release and forever discharge Fritzsche of and from any and all debts, claims, demands, damages, actions, causes of action, or liabilities of any nature whatsoever arising in connection with or otherwise relating to the Employment Agreement, Fritzsche's relationship with the Company and his termination or his resignation as Vice President of Corporate Development and member of the Scientific Advisory Board of the Company, that the Company shall or may have against Fritzsche; provided, however, that such waiver and release by the Company shall not apply to any Claims relating to (i) the Company's enforcement of the Survival Provisions of the Employment Agreement which provisions shall survive Fritzsche's termination and execution of the Termination Agreement, or

(ii) any intentional or willful misconduct, gross negligence or illegal activity by Fritzsche during his employment with the Company.

4. CONFIDENTIALITY. Each party agrees to hold and maintain confidential and not disclose to any third party the terms and conditions of this Termination Agreement including, without limitation, the consideration provided for by this Termination Agreement; provided, however, that the foregoing shall not apply to any disclosure: (i) that may be required to the extent compelled by legal process, a government agency or court order or otherwise required by applicable laws or regulations, (ii) that may be required to enforce either party's rights hereunder, or (iii) to either party's attorneys, accountants and other professional advisors to whom disclosure is necessary to accomplish the professional purposes for which such party has consulted such professional advisors. Each party understands and agrees that in the event such party breaches any of the terms of this Section 4, such party shall be liable to the other party for actual damages suffered by such other party caused by such breach.

5. COMPANY REPRESENTATIONS AND WARRANTIES. The Company has all requisite power, authority (corporate and other) and legal right to execute, deliver, enter into, consummate and perform this Termination Agreement. The execution, delivery and performance of this Termination Agreement by the Company have been duly authorized by all required corporate

and other actions. The Company has duly executed and delivered this Termination Agreement. This Termination Agreement constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to the rights of creditors generally.

6. EFFECTIVE DATE. INsofar AS THIS TERMINATION AGREEMENT RELATES TO THE WAIVER AND RELEASE OF ANY CLAIMS UNDER ADEA, SUCH WAIVER AND RELEASE WILL BECOME EFFECTIVE ON THE NEXT BUSINESS DAY FOLLOWING SEVEN (7) DAYS FROM THE EFFECTIVE DATE. IN ALL OTHER RESPECTS, THE TERMS AND PROVISIONS OF THIS TERMINATION AGREEMENT, INCLUDING, WITHOUT LIMITATION, ALL OTHER WAIVERS AND RELEASES OF FRITZSCHE CONTAINED HEREIN, ARE EFFECTIVE AS OF THE EFFECTIVE DATE.

7. GOVERNING LAW/VENUE. This Termination Agreement shall be governed by the laws of the State of Texas and both parties consent to jurisdiction by the federal or state courts in the State of Texas.

8. PAYMENT OF LEGAL FEES. If any party is required to engage in any proceedings, legal or otherwise, to defend or enforce its rights under this Termination Agreement, such party, if successful, shall be entitled to recover from the other party which is in breach of its duties hereunder, in addition to any other remedy or sums due, the reasonable attorneys' fees and disbursements and costs of such proceeding incurred in connection therewith.

9. COUNTERPARTS. This Termination Agreement may be executed in more than one counterpart, each of which shall be an original, but all of which, taken together, shall be and remain one instrument.

10. HEADINGS. The headings of the several sections of this Termination Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

11. SEVERABILITY. IF ONE OR MORE OF THE PROVISIONS IN THIS TERMINATION AGREEMENT ARE DEEMED VOID BY LAW, THEN THE REMAINING PROVISIONS WILL CONTINUE IN FULL FORCE AND EFFECT.

12. TIME FOR REVIEW; REVOCATION. Fritzsche understands that insofar as it relates to the waiver and release of any claims under the ADEA, he has forty-five (45) days within which to consider this Termination Agreement and that the portion of this Termination Agreement relating to the waiver and release of any claims under the ADEA is revocable by him for a period of seven (7) days following the execution of this Termination Agreement, and if not so revoked, will become effective and enforceable after such period of seven (7) days.

13. REVIEW BY FRITZSCHE AND COUNSEL. Fritzsche expressly represents and warrants to the Company that he has (i) completely read this Termination Agreement prior to executing it; (ii) been free to, and has been advised by representatives of the Company, including, but not limited to, Brewer & Pritchard, PC, counsel for the Company to, consult with independent legal counsel of his own choosing regarding his rights and obligations under this Termination Agreement; (iii) had an opportunity to review the Termination Agreement with his counsel, if any; and (iv) entered into this Termination Agreement knowingly and voluntarily.

IN WITNESS WHEREOF, the parties hereto have caused this Termination Agreement to be executed as of the day and year set forth above.

PHARMAFRONTIERS CORP.

By: /s/ David McWilliams

David McWilliams
President, PharmaFrontiers Corp.

FRITZSCHE

/s/ R. Wayne Fritzsche

R. Wayne Fritzsche

LEASE TERMINATION AGREEMENT

This Lease Termination Agreement ("Agreement") is made and entered into effective as of the 13th day of January, 2005 by and between PHARMAFRONTIERS CORP., Assignee of OPEXA PHARMACEUTICALS, INC., ("Tenant") and STEBBINS GREEN CORNER, L.P. ("Landlord") with reference to the following:

RECITALS:

Reference is here made to that Tenant and Landlord entered into a lease agreement (the same, as heretofore renewed, modified and amended from time to time, is herein called the "Lease") for office/warehouse space located at 835 Greens Parkway, Suite 150, Houston, Texas dated on or about May 31, 2002, executed by and between Landlord and Tenant. Words with initial capital letters used but not defined herein shall have the respective meanings assigned to them in the Lease.

Tenant has expressed a desire to terminate the Lease. Landlord and Tenant hereby agree to terminate the Lease prior to the scheduled expiration of the term thereof and they enter into this Agreement to set forth their understandings and agreements in respect thereto.

AGREEMENTS:

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein Landlord and Tenant hereby agree as follows:

1. Termination Date. The Lease, including all rights and options of Tenant, its subtenants, successors and assigns thereunder including, without limitation, Tenant's right to use and occupy the Premises and any and all other rights of Tenant or any other party, if any, to use and occupy the Premises shall terminate at 5:00 p.m., Houston, Texas local time, on February 28, 2005 (the "Lease Termination Date").

In this regard, Tenant represents and warrants that it has not assigned or sublet or in any way transferred its rights or interest in the Lease as of this date.

2. No Reimbursement of Expenses; Termination Fee and Other Consideration to Landlord. Tenant acknowledges that no sums shall be due and payable by Landlord to Tenant in connection with the termination of the Lease or for losses to Tenant resulting therefrom including, without limitation, interruption of Tenant's business, moving costs and expenses, and increased rental or other operating expenses incurred by Tenant due to or arising out of the relocation of Tenant's business.

In consideration of Landlord's agreements set forth herein, Tenant (a) shall pay to Landlord a "Termination Fee" on or before the Lease Termination Date as follows: the sum of (i) \$56,762.54 in cash or certified funds if payment is received on or before February 28, 2005, or (ii) \$65,967.28 if payment is received after February 28, 2005; (b) hereby surrenders to

Landlord the Tenant's Security Deposit in the amount of \$15,379.69 and all other monies previously paid; and (c) shall convey all modular furniture (eight (8) stations installed in offices and eight (8) stations stored in warehouse) to Landlord as part of this Agreement.

3. Personal Property. Tenant acknowledges that it shall have no right to remove any fixture, or property from the Premises other than Personal Property of Tenant removed prior to Lease Termination.

4. Obligations Which Survive; Mutual Release. Notwithstanding the termination of the Lease, the obligations of Landlord and Tenant which, by the provisions of the Lease, survive the expiration or sooner termination of the same, shall survive, including without limitation, operating expense reconciliations for 2004, however, Tenant shall not be obligated to pay any such prorated operating expense reconciliations for 2005. Subject to the preceding sentence hereof, Landlord and Tenant each hereby release one another from any and all claims, demands, suits, and liabilities each may hold against the other as of the date hereof and which arise out of, or are related to, the Lease.

5. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas. The prevailing party in any litigation or other similar action arising out of or related to this Agreement shall be entitled to collect reasonable attorneys' fees and other costs incurred in such action from the other party hereto in addition to all other awards in such action. This Agreement may only be amended in a writing signed by all parties hereto. All sums of whatever nature owed by Tenant to Landlord under this Agreement shall bear interest from the date due thereof until paid at the lesser of eighteen percent (18%) per annum or the maximum interest rate per annum allowed by law.

EXECUTED effective as of the date and year first above written.

STEBBINS GREEN CORNER, L.P.

By: /s/Fred Caldwell

Name: Fred Caldwell
Title: President
"Landlord"

PHARMAFRONTIERS CORP.

By: /s/ C.W. Rouse

Name: C.W. Rouse
Title: C.F.O.
"Tenant"