rexahn
PHARMACEUTICALS

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Dear Rexahn Shareholders:

The mission of Rexahn Pharmaceuticals is to improve the lives of cancer patients by discovering and developing novel, highly targeted cancer therapies that are designed to maximize anti-cancer activity while minimizing the side effects and toxicity traditionally experienced with cancer treatment. Rexahn is at a very exciting point in each of our clinical development programs, with Phase IIa clinical data being generated in several difficult to treat cancers. In order to keep our shareholders up to date with on-going activities at Rexahn, we are providing this 2017 mid-year status of our clinical development activities for **RX-3117**, **Supinoxin™** and **Archexin®** as well as our clinical development plans for the remainder of 2017.

RX-3117:

The RX-3117 clinical development program is currently focusing on metastatic bladder cancer and metastatic pancreatic cancer.

Metastatic bladder cancer:

- Ongoing Phase II trial in metastatic bladder cancer patients who have failed three or more prior therapies
- Plan to initiate clinical study in metastatic bladder cancer patients in combination with another anti-cancer drug

In June 2017, Rexahn presented interim clinical data for RX-3117 which achieved our predefined criteria for efficacy at the American Society for Clinical Oncology (ASCO) annual meeting from an ongoing Phase IIa clinical trial in metastatic bladder cancer patients who have failed three or more prior therapies. Currently, there are no approved treatments for metastatic bladder cancer patients who have failed two or more prior therapies. In the first 10 patients enrolled in the study, the only data available at the time of the presentation, treatment with RX-3117 increased progression free survival in 20% of the patients to more than 6 months. These patients would usually only be offered palliative or supportive care and expected progression-

free survival is two to three months. Two patients also had a reduction in tumor size of 19% and 15%, respectively. Rexahn will be presenting additional clinical data from a larger group of patients in 3Q 2017. Rexahn also anticipates initiating an additional clinical study with RX-3117 in metastatic bladder cancer patients in combination with another anti-cancer drug before the end of the year.

Metastatic pancreatic cancer:

- Ongoing Phase IIa clinical trial of RX-3117 in metastatic pancreatic cancer patients that have failed three or more prior anti-cancer therapies
- Plans to initiate a combination study with Abraxane® (paclitaxel protein-bound) in newly diagnosed metastatic pancreatic cancer patients

In January, we presented an update of the ongoing Phase IIa clinical trial of RX-3117 in metastatic pancreatic cancer patients at ASCO's 2017 Gastrointestinal Cancers Symposium. The data on progression free survival in metastatic pancreatic cancer patients treated with RX-3117 is very encouraging with 20% of patients exhibiting progression free survival of greater than 5.6 months, with one patient having progression free survival of 7.2 months. A majority of the patients enrolled in the trial have already failed 3 or more prior cancer therapies. Current options for these patients are usually limited to palliative or best supportive care. There is nothing currently approved to treat these patients, who have a prognosis for survival of less than two months. We continue to enroll patients into the second cohort of this study. We expect data from this additional cohort of metastatic pancreatic cancer patients will be available in 4Q 2017.

Rexahn also plans to initiate a combination study of RX-3117 and Abraxane® (paclitaxel protein-bound) in 3Q 2017 in newly diagnosed metastatic pancreatic cancer patients who have had no prior cytotoxic treatments, representing the largest segment of the pancreatic cancer population. Initial data from this clinical trial will be available early in 2018.

Supinoxin™:

In February, Rexahn announced that it had dosed the first triple negative breast cancer (TNBC) patient in the Phase IIa clinical trial with Supinoxin™. Rexahn's decision to focus initially on TNBC emphasizes our commitment to developing targeted treatments for cancers that are difficult to treat and for which there are limited treatment options. There is currently no approved drug treatment, and no established standard of care for TNBC, therefore, this indication represents a tremendous unmet medical need. Supinoxin™ has a unique mechanism of action with the small molecule modulator of the β-catenin pathway that targets a key biological pathway implicated in cancer cell proliferation and metastases. We have seen very promising activity in our preclinical models of TNBC, so we look forward to the preliminary readout from this clinical study, which we anticipate late this year.

Based on the initial clinical data, Rexahn is considering initiating an additional clinical study looking at the combination of Supinoxin™ together with other anti-cancer agents in TNBC.

Archexin®:

Rexahn is conducting a Phase IIa clinical trial of Archexin® in patients with metastatic renal cell carcinoma (mRCC). In this trial, Archexin® is being administered in combination with Afinitor® (everolimus) in patients that have failed prior treatments. Data from Stage 1 of the study, presented at ASCO in 2016, showed that the combination of Archexin® and Afinitor® is safe, increases progression free survival, and decreased tumor burden. While the study is still ongoing, enrollment has been slowed down by the approval of three new drugs for mRCC (Opdivo® (nivolumab), Cabometyx® (cabozantinib) and Tecentriq® (atezolizumab)). Patients are cycling through these newly approved drugs before enrolling in the current study. We will have an update on the clinical study in 4Q 2017.

Financial:

In April, at our annual shareholders meeting, Rexahn's shareholders approved the proposal to give the Rexahn Board of Directors the authority to implement a reverse stock split between the ratio of 1:5 and 1:20. Based on this approval, the Board effected a 1:10 reverse stock split on May 5, 2017. The rationale for implementing a 1:10 reverse stock split was to bring the number of outstanding shares in line with similar publicly traded companies in our industry sector and make the stock more attractive for potential medium/long term investors who may have a minimal stock price requirement in order to purchase the stock. Towards that end, in June Rexahn announced that it had raised an additional $10 million in equity financing from a group of investors that we believe may be medium to long term holders of the stock. The additional capital raised will help fund the costs associated with the additional combination clinical studies for RX-3117 and Supinoxin™.

2017 and Beyond:

I am very encouraged by our progress and the interim data we are generating, and look forward to continuing to advance our three clinical-stage oncology programs in 2017 and beyond in the hopes of improving the quality of life and longevity of patients living with cancer.

On behalf of our Board of Directors and the employees at Rexahn, I wish to thank you for your continued interest and support of our Company. We look forward to keeping you updated on our progress as we move through 2017/2018. We thank you for joining us on this important journey as we endeavor to improve the lives of patients with cancer.

Sincerely,

Peter D. Suzdak, Ph.D.
Chief Executive Officer
August 2017