

**REXAHN PHARMACEUTICALS, INC.**

**CORPORATE GOVERNANCE GUIDELINES**  
**(Approved as of August 21, 2014)**

**A. INTRODUCTION**

The following Corporate Governance Guidelines (the “**Guidelines**”) have been adopted as guidelines and principles for the conduct of the Board of Directors (the “**Board**”) of Rexahn Pharmaceuticals, Inc. (the “**Company**”). They reflect the Board’s commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with a goal of enhancing stockholder value over the long term. The Guidelines are subject to periodic review by the Nominating and Governance Committee of the Board.

The Guidelines should be interpreted in the context of all applicable laws and regulations and the Company’s certificate of incorporation (as may be amended or restated from time to time, the “**Certificate of Incorporation**”) and bylaws (as may be amended or restated from time to time, the “**Bylaws**”). The Guidelines are statements of policy and are not intended to supersede or interpret any Federal or state law, rule or regulation, including the Delaware General Corporation Law, or the Company’s Certificate of Incorporation or Bylaws.

**B. THE BOARD OF DIRECTORS**

*1. Size*

Under the Company’s bylaws, the number of directors constituting the Board may be increased or decreased by resolution of the Board. The Nominating and Governance Committee will periodically review the size of the Board and may recommend to the Board adjustments from time to time.

*2. Composition of the Board of Directors – Independence*

The Company defines an “independent” director in accordance with the applicable provisions of the Securities Exchange Act of 1934, as amended, together with the rules promulgated thereunder (the “**Exchange Act**”) and the applicable rules of its stock exchange (the “**Exchange**”). Because it is not possible to anticipate or explicitly provide for all potential situations that may affect independence, the Board periodically reviews each director’s status as an independent director and whether any independent director has any other relationship with the Company that, in the judgment of the Board, would interfere with the director’s exercise of independent judgment in carrying out such director’s responsibilities as a director. The Board will make an annual determination as to whether each director is “independent” under the applicable provisions of the Exchange Act and the applicable rules of the Exchange.

In addition to otherwise being independent directors, Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any Company subsidiary. For the purpose of this paragraph, compensatory fees do not include fees for

service on the Board or a Board committee. In addition, Audit Committee members may not be “affiliated persons” of the Company or any Company subsidiary, as defined in Rule 10A-3 under the Exchange Act. Moreover, Audit Committee members may not have participated in the preparation of the financial statements of the Company or any subsidiary of the Company (other than entities that have ceased to be subsidiaries of the Company) at any time during the preceding three years.

### ***3. Board Leadership Structure and Selection of Chairman and CEO***

The Board elects its Chairman and appoints the Company’s Chief Executive Officer according to its view of what is best for the Company at any given time. The positions of Chairman of the Board and Chief Executive Officer are currently separated. However, the Board does not believe there should be a fixed rule as to whether the offices of Chairman and CEO should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Company. The Nominating and Governance Committee will periodically review this issue and provide recommendations to the Board. If at any time the position of Chairman and Chief Executive Officer are held by the same person, or the Chairman is not otherwise an independent director, the independent directors may select, by majority vote, an independent director to serve as Lead Director.

### ***4. Board Membership Criteria***

The Board as a whole should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Company’s business. The Nominating and Governance Committee is responsible for reviewing with the Board, in accordance with its Charter, the appropriate qualities, skills and characteristics desired of nominees for Board members, including in the context of the current make-up of the Board. This assessment includes training, background, experience, diversity and temperament.

### ***5. Attendance at Board and Committee Meetings***

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Board members are expected to prepare for, attend, and participate in meetings of the Board and the committees of which they are members. Although the Board recognizes that, on occasion, circumstances may prevent Board members from attending meetings, the Board expects its members to ensure that other commitments do not materially interfere with the performance of their duties.

### ***6. Selection of Board Members***

The Board is responsible for filling vacancies in its membership, replacing directors who are unable to continue to serve effectively, and nominating candidates to stand for election at the annual meeting of stockholders. The Board has delegated to the Nominating and Governance Committee the process of identifying and screening candidates when a vacancy is to be filled and making preliminary recommendations to the Board for nominations.

## ***7. Occupations and Memberships on Other Boards***

Directors should not serve on boards of public companies in addition to the Company's Board where such service is likely to interfere with the performance of the director's duties to the Company, taking into account the individual, the nature of his or her other activities and such other factors or considerations as the Board deems relevant. In selecting nominees for membership, the Board shall take into account the other demands on the time of a candidate.

## ***8. Term Limits***

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they may sometimes force the Company to lose the contribution of directors who over time have developed increased insight into the Company and its operations. The Board seeks to maintain a balance of directors who have longer terms of service and directors who have joined more recently. Similarly, the Board does not currently believe that a fixed retirement age for directors is appropriate.

## ***9. Board Compensation***

The Compensation Committee shall periodically review and make recommendations to the Board concerning the compensation of non-management directors. Directors who are officers or employees shall not receive any additional compensation for serving on the Board. To assist in setting compensation, the Compensation Committee or the full Board may request information from the staff of the Company or from independent consultants on the compensation of boards of comparable companies.

## ***10. Orientation and Continuing Education***

Members of the Board are selected with attention to their diverse professional backgrounds and experience. In addition to their individual professional expertise, it is important that members of the Board be knowledgeable about the Company and its business. The Nominating and Governance Committee, working together with management, shall develop and oversee a director orientation program for new directors.

Board members should also be familiar with the duties and responsibilities of directors of public companies and emerging practices in corporate governance. The Nominating and Governance Committee shall develop and oversee continuing director education for directors. The Board acknowledges that director continuing education may be provided in a variety of different forms including: external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to the Company's facilities. Board members are also encouraged to attend seminars, conferences, and other continuing education programs designed especially for directors of public companies, including, specifically, accredited director education programs.

## ***11. Attendance at Annual Meeting.***

All Board members are encouraged, but not required, to attend our Annual Meeting of Stockholders.

## ***12. Performance Evaluation.***

From time to time, the Board will conduct an annual review and self-evaluation to determine whether it and its committees are functioning effectively. The review will focus on the Board's contribution to the Company and will seek to identify specific areas, if any, that need improvement or strengthening. Such review shall include presentations to the Board by each committee chairman, and may, if deemed necessary or appropriate by the Board, include reviews and/or presentations by the Company's independent advisors, including its legal counsel and independent auditing firm. The Nominating and Governance Committee shall be responsible for overseeing the Board and committee review and evaluation process and reporting its assessments to the Board.

The Board also will conduct a periodic review to ensure that the Company is in compliance with all applicable listing requirements of the Exchange and to ensure that all required certifications and public disclosures are made.

## ***13. Directors Who Change Their Current Positions With Their Own Company or Become Aware of Circumstances that may Adversely Reflect Upon the Director or the Company.***

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the director or the Company, such director should notify the Nominating and Governance Committee of such circumstances. The Nominating and Governance Committee will consider the circumstances, and may in certain cases consider requesting that the director submit his or her resignation from the Board if, for example, continuing service on the Board by the individual is not consistent with the criteria deemed necessary for continuing service on the Board.

## ***14. Outside Advisors.***

Except as otherwise provided in the charter of a committee, the Board shall have the authority to select, retain, terminate and approve the fees and other retention terms of its outside advisors. The Company will bear the expense of such advisors.

## **C. BOARD MEETINGS**

### ***1. Access to Employees***

The Board has full access to any Company employee. The Board recognizes that in exercising its right of access to employees it should be done in a way to minimize the normal operation of the business, and that ordinarily it would do so through and in consultation with management. It is the Company's policy that employees may contact Board members directly to express concerns about the direction or management of the Company. The Board encourages presentations at its meetings by employees who can provide additional insight into the topics because of their direct involvement in the area, or have leadership potential of which the Board should be aware.

### ***2. Executive Sessions of Independent Directors***

The independent directors will meet in executive session without management and any non-independent directors at least quarterly. The Chairman or the Lead Director, if the Chairman is the CEO, will preside over and develop the agenda for the executive sessions of independent directors. Each Board member is free and encouraged to suggest the inclusion of items to be discussed in the executive sessions of independent directors.

## **D. BOARD COMMITTEES**

### ***1. Standing and Special Committees***

The Board currently has standing committees on (i) Audit, (ii) Compensation, and (iii) Nominating and Governance. Each of these committees operates under a written charter outlining its duties and responsibilities. The Board may form new standing committees when it believes the work of the Board requires it. The Board also appoints special committees from time to time to assist it in carrying out particular responsibilities.

### ***2. Assignment and Term of Service of Committee Members***

The Board, with the advice of the Nominating and Governance Committee, appoints the members and the chair of each of its standing committees. In the ordinary course, it is expected that the chair of a standing committee will have had previous service on the committee. There are no fixed terms for service on standing committees. The Board may replace committee members when it believes that to be appropriate.

### ***3. Frequency and Length of Committee Meetings and Committee Agenda***

Each standing committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company, the charter for such committee and other applicable resolutions of the Board. Pursuant to their own rules of procedure, the committees shall, with the assistance of appropriate members of management, determine the frequency and length of meetings of the committee and develops the agenda for each meeting. At the direction of the chair of the committee, a member of the committee, a member of management or a legal advisor will take minutes of each committee meeting. Board members who are not members of a committee are nevertheless welcome to attend its meetings.

## **E. OVERSIGHT OF RISK**

The Board believes that risk management is an important part of establishing, updating and executing on the Company's business strategy. The Board, as a whole and at the committee level, has oversight responsibility relating to risks that could affect the corporate strategy, business objectives, compliance, operations, and the financial condition and performance of the Company. The Board focuses its oversight on the most significant risks facing the Company and on its processes to identify, prioritize, assess, manage and mitigate those risks. The Board and its committees receive regular reports from members of the Company's senior management on areas of material risk to the Company, including strategic, operational, financial, legal and regulatory risks. While the Board has an oversight role, management is principally tasked with direct responsibility for management and assessment of risks and the implementation of processes and controls to mitigate their effects on the Company.

The Audit Committee as part of its responsibilities oversees the management of financial risks, including but not limited to accounting matters, liquidity and credit risks, corporate tax positions, insurance coverage, and cash investment strategy and results. The Audit Committee is also responsible for overseeing the management of risks relating to the performance of the Company's internal audit function and its independent registered public accounting firm, as well as the Company's systems of internal controls and disclosure controls and procedures. The Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation and overall compensation and benefit strategies, plans, arrangements, practices and policies, and compensation of the Board. The Nominating and Governance Committee oversees the management of risks associated with the Company's overall compliance and corporate governance practices, and the independence and composition of the Board. These committees provide regular reports, on at least a quarterly basis, to the full Board.

## **F. MANAGEMENT REVIEW AND RESPONSIBILITY**

### ***1. Evaluation and Compensation of Officers***

The Compensation Committee evaluates the performance of, and makes recommendations to the Board concerning the compensation packages for, the Chief Executive Officer. It also reviews the Chief Executive Officer's evaluations of the performance of, and the Chief Executive Officer's recommendations for determination of the compensation packages for, the officers of the Company who report directly to the Chief Executive Officer and any executive officers whose compensation is required to be disclosed in detail in the Company's regular annual proxy statement.

### ***2. Succession Planning***

The Board is responsible for establishing plans for the succession to the position of the Chief Executive Officer. The Nominating and Governance Committee, with the assistance of the Chief Executive Officer, periodically reviews and assesses the Company's succession plans for the Chief Executive Officer and other officers and senior executives of the Company, and makes recommendations to the Board and management as necessary.

### **3. *Board Interaction with Institutional Investors, Press, Etc.***

The Board believes that management should speak for the Company. In this light and including to prevent any unintentional and intentional disclosure of material non-public information, the Company has adopted a Statement of Policy Regarding Public Disclosure. If a situation does arise in which it seems necessary for a non-employee director to speak on behalf of the Company whether to internal or external constituencies, the director should consult with the CEO

## **G. TRANSACTIONS WITH DIRECTORS**

It is the policy of the Board that any transaction in which a director (or any member of a director's immediate family) has a personal or financial interest (direct or indirect) should be scrutinized by the Audit Committee. It is incumbent upon each director to promptly notify the Audit Committee when he or she becomes aware of a matter in which he or she (or any member of a director's immediate family) has, or may have, a personal or financial interest (whether direct or indirect) or may otherwise have a potential conflict of interest.

## **H. REVIEW AND MODIFICATION OF THESE PRINCIPLES**

The Guidelines, as set forth herein, will be reviewed by the Nominating and Governance Committee annually. If the Nominating and Governance Committee determines that modifications are in order, it will make recommendations of changes for the Board to consider.

**Approved:** **DATE**