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**IMMTECH PHARMACEUTICALS, INC.**

One North End Avenue

New York, NY 10282

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held November 29, 2007**

**To the Stockholders of Immtech Pharmaceuticals, Inc.:**

The board of directors cordially invites you to attend our annual meeting of stockholders on November 29, 2007, at 2:00 p.m. (Eastern) at the Grand Hyatt New York, 109 East 42nd Street, New York, New York 10017 in the Regency Room on the Mezzanine Level, for the following purposes:

- Proposal No. 1– to elect six directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified or their earlier resignation, removal, disqualification or death;
- Proposal No. 2– to approve the Immtech Pharmaceuticals, Inc. 2007 Stock Incentive Plan;
- Proposal No. 3– to ratify the audit committee’s selection of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the fiscal year ending March 31, 2008; and
- to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on October 16, 2007 will be entitled to notice of the annual meeting and to vote on any matters which come before the meeting or any adjournment or postponement thereof. If you wish to attend the meeting in person, please bring with you the admission ticket attached to the proxy card or other proof of your share ownership as of the record date (examples of acceptable evidence of share ownership are described in the attached proxy statement). **Whether or not you plan to attend the annual meeting, your shares should be represented. To insure that your vote is counted, you are urged to vote by proxy via mail, telephone or the Internet as described on the enclosed proxy card.** Proxies or voting cards delivered to you by or for brokers or fiduciaries should be returned as requested by them. Prompt return of proxies will save the expense involved in further communication. Voting by mail, telephone or Internet will not limit your right to vote in person or to attend the annual meeting, but will insure your representation if you cannot attend. Your proxy is revocable at any time prior to its use.

By order of the Board of Directors,

/s/ Gary C. Parks

Gary C. Parks  
Secretary, Immtech Pharmaceuticals, Inc.

October , 2007  
New York, NY

**IMMTECH PHARMACEUTICALS, INC.**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF THE STOCKHOLDERS  
TO BE HELD November 29, 2007**

The board of directors of Immtech Pharmaceuticals, Inc., a Delaware corporation (“Immtech,” “we,” “us,” “our” or the “Company”), hereby solicits your proxy for use at the 2007 annual meeting of stockholders to be held on November 29, 2007, at 2:00 p.m. (Eastern) at the Grand Hyatt New York, 109 East 42nd Street, New York, New York 10017 in the Regency Room on the Mezzanine Level, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of annual meeting of stockholders. This proxy statement, notice and proxy card are first being mailed to stockholders of record as of October 16, 2007 on or about October 16, 2007.

If you complete your proxy by mail, telephone or Internet, you appoint Eric L. Sorkin and Gary C. Parks as your proxies at the annual meeting. Your proxies will vote your shares as you instruct. If you sign and return your proxy, but fail to instruct how to vote your shares, Mr. Sorkin or Mr. Parks will vote your shares in favor of the slate of directors nominated by the board and “for” the proposals set forth on the proxy card. This way your shares will be voted whether or not you attend. We recommend that you vote by proxy in advance of the annual meeting even if you plan to attend just in case your plans change and you are unable to attend.

The board does not know of any matters to be presented at the annual meeting other than those listed on the notice and described in this proxy statement. If a matter comes up for vote that is not covered by your proxy, your proxies will vote your shares in accordance with their judgment if you have completed your proxy card and authorized them to do so.

The board encourages you to attend the annual meeting in person. No matter what method you use to vote, if you decide to change your vote, you may revoke your proxy any time before your vote is cast at the annual meeting by (i) giving written notice of revocation to the Secretary of Immtech, (ii) submitting a signed proxy bearing a date later than the date of the prior proxy or (iii) attending the annual meeting and voting in person. Attendance at the annual meeting will not, in itself, constitute revocation of your proxy.

Our principal executive offices are located at One North End Avenue, New York, NY 10282, and our telephone number is (212) 791-2911 or toll free (877) 898-8038.

## PURPOSE OF THE MEETING

At our annual meeting, stockholders will be asked to consider and vote upon the following matters:

- Proposal No. 1– to elect six directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified or their earlier resignation, removal, disqualification or death;
  - Proposal No. 2– to approve the Immtech Pharmaceuticals, Inc. 2007 Stock Incentive Plan (the “2007 Plan”);
- Proposal No. 3– to ratify the audit committee’s selection of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the fiscal year ending March 31, 2008; and
- to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

## INFORMATION ABOUT THE ANNUAL MEETING

### Who is entitled to vote?

The record date for the meeting is October 16, 2007. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. For more information, see the description of shares eligible to vote under the heading “Voting Rights of Common and Preferred Stockholders” below.

### Am I entitled to vote if my shares are held in “street name”?

Yes, if a bank or brokerage firm holds your shares in street name for you, you are considered the “beneficial owner” of the shares. If your shares are held in street name, these proxy materials are being forwarded to you by your bank or brokerage firm (the “record holder”), along with a voting instruction card. As the beneficial owner, you have the right to direct the record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions.

### What if I do not give my bank or brokerage firm voting instructions for my shares held in “street name”?

If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares in its discretion on “routine matters.” For purposes of this annual meeting, the Company has determined that the election of directors (Proposal 1), and the ratification of the appointment of the independent auditors (Proposal 3) are routine matters. However, absent your instructions, the record holder will not be permitted to vote your shares on non-routine matters, which are referred to as “broker non-votes,” including the proposal to approve the 2007 Plan (Proposal 2) and any other non-routine matter properly brought before the meeting. Broker non-votes (shares held by brokers that do not have discretionary authority to

vote on the matter and have not received voting instructions from their clients) are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that proposal.

**May I attend the annual meeting if I hold my shares in “street name”?**

As the beneficial owner of shares, you are invited to attend the annual meeting. If you are not a record holder, however, you may not attend the meeting or vote your shares in person at the meeting unless you obtain a proxy, executed in your favor, from the record holder of your shares. See “Who can attend the meeting?” below.

**How many shares must be present to hold the meeting?**

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of our outstanding shares (including the number of shares represented by our outstanding preferred stock on an as-if converted basis) as of the record date, will constitute a quorum. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes.

**What if a quorum is not present at the meeting?**

If a quorum is not present or represented at the meeting, the holders of a majority of the shares entitled to vote at the meeting who are present in person or represented by proxy or the chairman of the meeting may adjourn the meeting until a quorum is present or represented. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice may be given.

**How do I vote if I am a registered stockholder?**

1. You may vote by mail. If you are a registered stockholder (that is, if you hold your stock directly and not in street name), you may vote by mail by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage prepaid envelope. Your proxy will then be voted at the annual meeting in accordance with your instructions.

2. You may vote by telephone or on the Internet. If you are a registered stockholder, you may vote by telephone or on the Internet by following the instructions included on the proxy card. Stockholders with shares registered directly with Computershare Investor Services, LLC, Immtech’s transfer agent, may vote (i) on the Internet at the following web address: <http://www.investorevote.com> or (ii) by telephone by dialing 800-652-VOTE (8683) (toll free from the United States and Canada). If you vote by telephone or on the Internet, you do not have to mail in your proxy card. If you wish to attend the meeting in person, however, you will need to bring the admission ticket attached to the proxy card with you. Internet and telephone voting are available 24 hours a day. Votes submitted through the Internet or by telephone must be received by 1:00 a.m. (Central Time) on November 29, 2007.

NOTE: If you vote on the Internet, you may elect to have next year’s proxy statement and annual report to stockholders delivered to you via the Internet. We strongly encourage you

to enroll in Internet delivery. It is a cost-effective way for us to send you proxy materials and annual reports.

3. You may vote in person at the meeting. If you are a registered stockholder and attend the meeting (please remember to bring your admission ticket or other acceptable evidence of stock ownership as of the record date), you may deliver your completed proxy card in person.

**How do I vote if I hold my shares in “street name”?**

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a voting card and voting instructions with these proxy materials from that organization rather than from Immtech. Your bank or broker may permit you to vote your shares electronically by telephone or on the Internet. A large number of banks and brokerage firms participate in programs that offer telephone and Internet voting options. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may vote those shares electronically by telephone or on the Internet by following the instructions set forth on the voting form provided to you by your bank or brokerage firm.

These Internet and telephone voting procedures, which comply with Delaware law, are designed to authenticate stockholders’ identities, allow stockholders to vote their shares and confirm that stockholders’ votes have been recorded properly. Stockholders voting via either telephone or the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that must be borne by the stockholder using such services. Also, please be aware that Immtech is not involved in the operation of these voting procedures and cannot take responsibility for any access, Internet or telephone service interruptions that may occur or any inaccuracies, erroneous or incomplete information that may appear.

**Who can attend the meeting?**

Only stockholders eligible to vote or their authorized representatives will be admitted to the meeting. If you plan to attend the meeting, detach and bring with you the stub portion of your proxy card, which is marked “Admission Ticket.” You must also bring a valid government-issued photo identification, such as a driver’s license or a passport.

If your shares are held in street name and you wish to attend the meeting and/or vote in person, you must bring your broker or bank voter instruction card and a proxy, executed in your favor, from the record holder of your shares. In addition, you must bring a valid government-issued photo identification, such as a driver’s license or a passport.

Security measures will be in place at the meeting and briefcases, handbags and packages are subject to inspection. No cameras or recording devices of any kind, or signs, placards, banners or similar materials, may be brought into the meeting. Anyone who refuses to comply with these requirements will not be admitted or, if admitted, will be required to leave.

**Can I change my vote after I submit my proxy?**

Yes, you may revoke your proxy and change your vote any time before your vote is cast at the meeting:

- by submitting another properly completed proxy card with a later date;
- by voting by telephone or on the Internet (your latest telephone or Internet vote is counted); or
- if you are a registered stockholder, by giving written notice of such revocation to the Secretary of Immtech prior to or at the meeting. If notice is to be given prior to the meeting, please send it to: Immtech Pharmaceuticals, Inc., 150 Fairway Drive, Suite 150, Vernon Hills, Illinois 60061, Attention: Mr. Gary C. Parks. Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to the Secretary before your proxy is voted or you vote in person at the meeting.

**Who will count the votes?**

Our transfer agent, Computershare Investor Services, LLC, will tabulate and certify the votes. A representative of the transfer agent will serve as the inspector of election.

**How does the board of directors recommend that I vote on the proposals?**

The board recommends that you vote “FOR” each proposal in this proxy statement.

**What if I do not specify how my shares are to be voted?**

If you submit a proxy but do not indicate any voting instructions, your shares will be voted:

- FOR the election of the six nominees to the board of directors;
- FOR the 2007 Plan; and
- FOR the ratification of the appointment of Deloitte & Touche LLP as Immtech’s independent registered public accounting firm for the fiscal year ending March 31, 2008.

**Will any other business be conducted at the meeting?**

We are not aware of any other business that will be presented at the meeting. If any other matter properly comes before the stockholders for a vote at the meeting, however, your proxy (one of the individuals named on your proxy card) will vote your shares in accordance with his best judgment if you so authorize.



**How many votes are required to elect the director nominees (Proposal 1)?**

The affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote is required to elect the six nominees as directors. This means that the six nominees will be elected if they receive more affirmative votes than any other person. If you vote “Withheld” with respect to one or more nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for purposes of determining whether there is a quorum.

**What happens if a nominee is unable to stand for election?**

If a nominee is unable to stand for election, the board of directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holder will vote your shares for the substitute nominee, unless you have withheld authority.

**How many votes are required to approve the 2007 Plan (Proposal 2)?**

Proposal 2 requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote to approve the 2007 Plan.

**How many votes are required to approve the ratification of the appointment of Deloitte & Touche LLP as Immtech’s independent registered public accounting firm (Proposal 3)?**

Proposal 3 requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote to approve the ratification of the appointment of Deloitte & Touche LLP as Immtech’s independent registered public accounting firm.

**How will abstentions and broker non-votes be treated?**

Shares voting “abstain” have no effect on the election of directors. For the proposals to approve the 2007 Plan (Proposal 2) and ratify the independent registered public accounting firm (Proposal 3) abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Broker non-votes will be treated as shares present for quorum purposes, but not entitled to vote.

**VOTING RIGHTS OF COMMON AND PREFERRED STOCKHOLDERS**

The board has fixed the close of business on October 16, 2007 as the record date for determination of stockholders entitled to notice of and to vote at the annual meeting. Holders of record of our common stock, \$0.01 par value (“common stock”), series A convertible preferred stock, \$0.01 par value (“series A stock”), series B convertible preferred stock, \$0.01 par value (“series B stock”), series C convertible preferred stock, \$0.01 par value (“series C stock”), series D convertible preferred stock, \$0.01 par value (“series D stock”), and series E convertible preferred stock, \$0.01 par value (“series E stock”), at the close of business on the record date will

be entitled to vote together as a single class on all matters that come before the meeting. At the close of business on the record date, there were issued and outstanding:

- shares of common stock (representing votes);
- shares of series A stock (representing votes);
- shares of series B stock (representing votes);
- shares of series C stock (representing votes);
- shares of series D stock (representing votes); and
- shares of series E stock (representing votes).

As of the record date, each share of series A stock was convertible into 5.6561 shares of common stock, each share of series B stock was convertible into 6.25 shares of common stock, each share of series C stock was convertible into 5.6561 shares of common stock and each share of series D stock was convertible into 2.7778 shares of common stock, and each share of series E stock was convertible into 3.5511 shares of common stock. Each share of common stock is entitled to one vote, each share of series A stock, series B stock, series C stock, series D stock, and series E stock is entitled to the number of votes equal to the number of shares of common stock into which such stock is convertible on the record date.

A total of votes representing common stock, series A stock, series B stock, series C stock, series D stock, and series E stock are entitled to vote at the annual meeting.

The presence, in person or represented by proxy, of the holders of a majority of the outstanding shares of common stock, series A stock, series B stock, series C stock, series D stock, and series E stock entitled to vote, voting as a single class, represented in person or by proxy, constitutes a quorum for the transaction of business at the annual meeting.

**PROPOSAL 1****ELECTION OF DIRECTORS****Information about the Nominees**

Your vote is requested in favor of six directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified or their earlier resignation, removal, disqualification or death. The board, pursuant to the recommendation of the Company's nominating committee, has selected the six persons listed below as nominees. Each of the nominees is currently a director of Immtech. The table below sets forth the names and principal occupation of each of the nominees. A summary of the background and experience of each of these individuals is set forth after the table.

<u>Name</u>	<u>Age</u>	<u>Current Occupation</u>
Eric L. Sorkin	47	Chairman, President and Chief Executive Officer of Immtech
Cecilia Chan	44	Executive Director of Immtech
David M. Fleet	62	Pharmaceutical Consultant
Judy Lau	45	Investment Advisory Firm
Levi H.K. Lee, MD	65	Medical Doctor
Donald F. Sinex	57	Partner, Private Equity Firm

*Eric L. Sorkin.* In 2000, Mr. Sorkin became a director of the Company. In 2005, he was appointed Chairman of the Board, in January 2006, Chief Executive Officer and in May 2006, President of the Company. Mr. Sorkin began his career on Wall Street in 1982 at Dean Witter, which is now a subsidiary of Morgan Stanley. From an entry-level position, he was promoted to Managing Director within six years. Mr. Sorkin was among the core group of professionals who developed one of the firm's investment portfolios to over \$3 billion in assets. At Dean Witter, Mr. Sorkin's transaction counterparties included Aetna, International Paper, Continental Insurance, Barclays Banks, Chase Manhattan, Harvard University, Southern Bell, Cigna, the State of Wisconsin, AIG, Modern Woodman of America, Zurich American Life, and San Francisco City and County. Mr. Sorkin was responsible for investment selection, negotiations, transaction and financial structuring, debt placement, and asset management. Mr. Sorkin was a Vice President, Owner, and/or Director of over 20 public investment partnerships with investment funds totaling over \$1 billion. In 1994, Mr. Sorkin created his own investment firm and began making private equity investments in the United States and in the People's Republic of China. Mr. Sorkin graduated from Yale University with a B.A. in Economics.

*Cecilia Chan.* Ms. Chan has served as a member of the board of directors since November 16, 2001. She joined Immtech as Vice President in July, 1999 and was appointed to her current post, Executive Director, in March, 2006. She has 22 years of experience in making investments and in business development. She began working on Immtech's growth strategy in

1998, spearheading Immtech's initial public offering in April 1999. Ms. Chan is responsible for strategic development, fund raising and directing our uses of capital resources. Prior to joining Immtech, Ms. Chan was a Vice President at Dean Witter, which is now a subsidiary of Morgan Stanley, until 1993 and thereafter concentrated her efforts as a private equity investor. During her eight years at Dean Witter, Ms. Chan, along with Mr. Sorkin, completed over \$500 million in investments and was Vice President of public partnerships having assets in excess of \$800 million. Since 1993, Ms. Chan has developed and funded investments in the United States and the People's Republic of China. She graduated from New York University in 1985 with a Bachelor of Science degree in International Business.

*David M. Fleet.* Mr. Fleet has served as a director since August 24, 2007. Since 2002, Mr. Fleet has served as Principal in David Fleet Pharmaceutical Industry Consultancy Services. From 1997 to 2002, Mr. Fleet was Senior Vice President of Global Business Development for Innovex Ltd. – Quintiles Transnational. Mr. Fleet was a founding shareholder of Innovex Ltd in 1988 until Innovex's acquisition by Quintiles Transnational in 1996. During that time he served as Managing Director at Novex Pharma Ltd from 1988 to 1993, and from 1993 to 1996 he was responsible for global business development and establishment of principal subsidiaries in Germany, the United States, and Japan. From 1978 to 1988, Mr. Fleet worked at Schering-Plough where he was responsible for various operations. From 1985 to 1988 he was Area Director for Middle East and Africa responsible for development and growth of ethical and OTC products business. Previously he was manager of Schering-Plough's third-largest pharmaceutical plant in Europe with responsibility for manufacturing operations for a full range of pharmaceutical products. From 1975 to 1978, Mr. Fleet worked at Major & Co. Manufacturing based in Ghana/Nigeria as general manager for ethical pharmaceuticals. From 1967 to 1975, he worked at Ward Blenkinsop & Co. Ltd., a division of Boehringer Ingelheim.

*Judy Lau.* Ms. Lau has served as a director since October 31, 2003. Since July 2002, Ms. Lau has served as the Chairperson of Convergent Business Group, a Hong Kong-based investment advisory firm with investments focused in high technology, life sciences, healthcare and environmental engineering projects in the greater China region. From May 2001 to July 2002, Ms. Lau served as General Manager of China Overseas Venture Capital Co. Ltd., a venture capital firm. From October 2000 to April 2001, Ms. Lau served as Chief Executive Officer of the Good Fellow Group, a Chinese investment firm; and from March 1999 to September 2000, Ms. Lau was the Managing Director of America Online HK, an internet service provider and Hong Kong affiliate of Time Warner, Inc. From April 1998 to February 1999, Ms. Lau worked as a consultant to Pacific Century Group. Ms. Lau has served in the position of Director of Immtech Hong Kong Ltd. since June 2003. In 2000, Ms. Lau was named one of the thirty-six most influential businesswomen of Hong Kong by Capital Magazine. Ms. Lau is also a Fellow of the Hong Kong Association for the Advancement of Science and Technology.

*Levi H. K. Lee, M.D.* Dr. Lee has served as a director since October 31, 2003. Dr. Lee has been in private medical practice, specializing in pediatrics, since 1971. His practice is located in Hong Kong. Dr. Lee received a B.A. in Biochemistry from the University of California, Berkeley, in 1962, and received his M.D. from the University of California, San Francisco, in 1966. Dr. Lee has served in the position of director of Immtech Hong Kong Ltd. since June 2003. He was appointed a Diplomat of the American Board of Pediatrics in 1971.

*Donald F. Sinex.* Mr. Sinex has served as a director since October 16, 2006. Since 1997, Mr. Sinex has been a Partner with Devonwood Investors, LLC, a private equity firm specializing in real estate and general corporate investments. Prior to founding Devonwood Investors in 1997, Mr. Sinex was Executive Vice President and Managing Director of JMB Realty Corporation, one of the largest commercial real estate companies in the United States. While at JMB Realty Corporation, Mr. Sinex managed acquisitions and investments in New York City, Washington, and Boston, and completed acquisitions of over \$6.5 billion of assets during his tenure. In addition to having received an MBA from the Harvard Business School, Mr. Sinex received his BA (with honors) from the University of Delaware and a JD degree (with highest honors) from the University of Miami School of Law, where he also served as an editor and member of the law review.

Each of the above nominees has indicated a willingness to serve. Should any nominee become unavailable prior to the annual meeting, your proxy will vote your shares for the person or persons recommended by the board to the extent you authorize. If you sign and return your proxy (whether by mail, telephone or Internet) your shares will be voted for the director slate nominated by the board except to the extent that you withhold authority for any nominee(s). The affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote is required to elect the six nominees as directors.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT  
YOU VOTE IN FAVOR OF THE ABOVE NOMINEES FOR  
THE BOARD OF DIRECTORS.**

**Meetings and Committees of the Board of Directors**

During the fiscal year ended March 31, 2007 (“Fiscal Year 2007”), the board of directors held a total of four board meetings and took action by unanimous written consent on six occasions. All of our directors have agreed to serve until the next annual meeting of stockholders and until their successors have been duly elected and qualified or their earlier resignation, removal, disqualification or death. There are no arrangements between any director or executive officer and any other person pursuant to which the director or officer is to be selected as such. There is no family relationship between the directors, executive officers or persons nominated or appointed by the board to become directors or executive officers. Directors Fleet, Lau, Lee, and Sinex are “independent” in accordance with the rules of the American Stock Exchange.

Each director attended at least 75% of (a) the total number of meetings of the board of directors and (b) the total number of meetings of all committees of the board of directors on which he or she served for Fiscal Year 2007. Immtech’s policy is to encourage board members to attend its annual meeting of stockholders. Two of our directors attended the previous annual meeting.

The board of directors has an Audit Committee, a Compensation Committee and a Nominating Committee. The function, composition, and number of meetings of each of these committees are described below.

### **Audit Committee**

The audit committee (a) has sole authority to appoint, replace and compensate our independent registered public accounting firm and is directly responsible for oversight of its work; (b) approves all audit fees and terms, as well as any permitted non-audit services; (c) meets and discusses directly with our independent registered public accounting firm its audit work and related matters and (d) oversees and performs such investigations with respect to our internal and external auditing procedures and affairs as the audit committee deems necessary or advisable and as may be required by applicable law. Our audit committee's charter can be found in the "Corporate Governance" section of our website at [www.immtechpharma.com](http://www.immtechpharma.com).

The members of the audit committee are Mr. Sinex (Chairman), Dr. Lee and Ms. Lau. Each member of the audit committee is "independent" in accordance with the current listing standards of the American Stock Exchange, and Mr. Sinex qualifies as an "audit committee financial expert" as defined under the rules of the SEC. The audit committee took action four times, by meeting or by written unanimous consent, during Fiscal Year 2007.

### **Compensation Committee**

The compensation committee (a) annually reviews and determines salaries, bonuses and other forms of compensation paid to our executive officers and management; (b) selects recipients of awards of incentive stock options and non-qualified stock options and establishes the number of shares and other terms applicable to such awards; and (c) construes the provisions of and generally administers the Third Amended and Restated Immtech Pharmaceuticals, Inc. 2000 Stock Incentive Plan.

The members of the compensation committee are Ms. Lau (Chairman), Dr. Lee and Mr. Sinex. Each member of the compensation committee is "independent" in accordance with the current listing standards of the American Stock Exchange. Our compensation committee's charter can be found in the "Corporate Governance" section of our website at [www.immtechpharma.com](http://www.immtechpharma.com). The compensation committee took action three times, by meeting or by unanimous written consent, during Fiscal Year 2007.

### **Nominating Committee**

The nominating committee has authority to review the qualifications of, interview and nominate candidates for election to the board of directors. The nominating committee took action one time during Fiscal Year 2007. Our nominating committee's charter can be found in the "Corporate Governance" section of our website at [www.immtechpharma.com](http://www.immtechpharma.com). The members of the nominating committee are Dr. Lee (Chairman), Ms. Lau and Mr. Sinex. Each member of the nominating committee is "independent" in accordance with the current listing standards of the American Stock Exchange.

The primary functions of the nominating committee are to:

- recruit, review and nominate candidates for election to the board of directors;

- monitor and make recommendations regarding committee functions, contributions and composition;
- develop the criteria and qualifications for membership on the board of directors; and
  - administer any director compensation plan.

The nominating committee works with the board to develop the credentials and characteristics required of board and committee nominees in light of current board and committee composition, our business, operations, applicable legal and listing requirements, and other factors they consider relevant. The nominating committee may identify other candidates, if necessary, through recommendations from our directors, management, employees, the stockholder nomination process, or outside consultants. The nominating committee will review candidates in the same manner regardless of the source of the recommendation.

The nominating committee will consider recommendations for director candidates submitted in good faith by stockholders. A stockholder recommending an individual for consideration by the nominating committee must provide (i) evidence in accordance with Rule 14a-8 of the Exchange Act of compliance with the stockholder eligibility requirements, (ii) the written consent of the candidate(s) for nomination as a director, (iii) a resume or other written statement of the qualifications of the candidate(s) and (iv) all information regarding the candidate(s) that would be required to be disclosed in a proxy statement filed with the SEC if the candidate(s) were nominated for election to the board, including, without limitation, name, age, business and residence address and principal occupation or employment during the past five years. Stockholders should send the required information to the Company at 150 Fairway Drive, Suite 150, Vernon Hills, Illinois 60061, Attention: Mr. Gary C. Parks.

For board membership, the nominating committee takes into consideration applicable laws and regulations (including those of the American Stock Exchange), diversity, age, skills, experience, integrity, ability to make independent analytical inquires, understanding of Immtech's business and business environment, willingness to devote adequate time and effort to board responsibilities and other relevant factors, including experience in the pharmaceutical industry.

### **Related Party Transactions**

The audit committee is required to review and approve all related party transactions including those transaction that are required to be disclosed under Item 404 of Regulation S-K promulgated by the SEC. If such transaction relates to compensation, it must be approved by the compensation committee as well. All related party transactions must also be approved by the disinterested members of the board.

### **Communications with the Board of Directors**

The board has provided a procedure for stockholders or other persons to send written communications to the board, a board committee or any of the directors, including complaints to the audit committee regarding accounting, internal accounting controls, or auditing matters.

Stockholders may send written communications to the board, the appropriate committee or any of the directors by certified mail only, c/o Audit Committee Chairman, Immtech Pharmaceuticals, Inc., One North End Avenue, New York, NY 10282. All such written communications will be compiled by the Chairman of the audit committee and submitted to the board, a committee of the board or the individual directors, as appropriate, within a reasonable period of time. These communications will be retained with Immtech's corporate records.

### Information about Executive Officers and Key Employees

The table below sets forth the names and ages of our executive officers and key employees, as well as the positions and offices held by such persons. A summary of the background and experience of each of these individuals is set forth after the table. For biographical information for Eric L. Sorkin and Cecilia Chan, please see “—Information about the Nominees” above.

Name	Age	Position with Immtech
Eric L. Sorkin	47	Chairman, President and Chief Executive Officer
Cecilia Chan	44	Executive Director and Board Member
Gary C. Parks	57	Treasurer, Secretary and Chief Financial Officer
Carol Ann Olson	55	Senior Vice President and Chief Medical Officer

*Gary C. Parks.* Mr. Parks joined Immtech in January 1994, having previously served at Smallbone, Inc., from 1989 until 1993, where he was Vice President, Finance. Mr. Parks was a Division Controller with International Paper from 1986 to 1989. Prior to that, he was Vice President, Finance, of SerckBaker, Inc., a subsidiary of BTR plc, from 1982 to 1986 and a board member of SerckBaker de Venezuela. Mr. Parks holds a B.A. from Principia College and an M.B.A. from the University of Michigan.

*Carol Ann Olson, MD, Ph.D.* Dr. Olson is responsible for the management of the clinical trial programs and medical affairs of the Company, including the development of integrated clinical plans and management of medical related issues with worldwide regulators. Prior to joining Immtech in October 2004, Dr. Olson worked at Abbott Laboratories, Pharmaceutical Division from 1994 to September 2004 in various capacities, most recently as Global Project Head and Global Medical Director for Anti-Infective Development. In this function, she had line management responsibility for strategic planning, execution of clinical development plans, manufacturing and commercialization, product safety, scientific communications and regulatory affairs for outpatient respiratory antibiotics, including Clarithromycin and Cefdinir. As part of her responsibilities at Abbott, Dr. Olson managed the filing of Investigative New Drug (IND) applications and New Drug Applications (NDA) with the United States Food and Drug Administration (FDA). Prior to this position, Dr. Olson was Global Franchise Medical Director responsible for the Anti-Infective Franchise Program at Abbott from 2000 – 2002. In 2001, she participated on a team responsible for Medical Affairs Acquisition & Integration Management for the Knoll/BASF Pharma Acquisitions. During Dr. Olson's initial years at Abbott (1994 –



2000), she held a number of Medical Director Positions for different product groups in the Pharmaceutical Division. Dr. Olson received both her Medical Doctor degree and Ph.D., Biochemistry, from the University of Chicago. She received a Master of Science degree from North Dakota State University and attended Concordia College, where she earned a B.A. degree. Additionally, Dr. Olson was a Medical Fellow Specialist — Division of Infectious Diseases, Department of Medicine at the University of Minnesota and Medical Resident, Department of Medicine at the University of Chicago. While at Abbott she earned a number of awards including the Chairman's Award, Abbott Laboratories (1994).

## **Compensation Discussion and Analysis**

### **Overview**

The compensation committee of our board of directors has overall responsibility for the compensation program for our executive officers. Specifically, the compensation committee establishes policies and otherwise discharges the responsibilities of the board with respect to the compensation of our executive officers, senior management, and other employees. In evaluating executive officer pay, the compensation committee may retain the services of an independent compensation consultant or research firm and consider recommendations from the chief executive officer and persons serving in supervisory positions over a particular officer or executive officer with respect to goals and compensation of the other executive officers. The executive officers are not present or involved in deliberations concerning their compensation. The compensation committee assesses the information it receives in accordance with its business judgment. The compensation committee is also responsible for administering all of our incentive and equity-based plans. All decisions with respect to executive compensation are first approved by the compensation committee and then submitted, together with the compensation committee's recommendations, to the independent members of the board for final approval.

We choose to pay the various elements of compensation discussed in order to attract and retain the necessary executive talent, reward annual performance and provide incentive for primarily long-term strategic goals, while considering short-term performance.

Elements of compensation for our executives generally include:

- base salary (typically subject to upward adjustment annually based on individual performance);
- stock option awards;
- 401(k) plan contributions; and
- health, disability and life insurance.

We believe that the compensation of our executives should reflect their success in attaining key Company objectives and individual factors. The key company objectives include: (1) growth of operating earnings and earnings per share; (2) improved return on assets; (3) satisfactory results of regulatory examinations; (4) growth or maintenance of market share; (5)

long-term competitive advantage, which lead to attaining an increased market price for our stock; (6) asset growth; and (7) improved asset quality. The key individual factors for each executive include: (1) the value of their unique skills and capabilities to support long-term performance of the Company; (2) performance of their management responsibilities; (3) whether an increase in responsibility or change in title is warranted; (4) leadership qualities; (5) business responsibilities; (6) career with our company; (7) current compensation arrangements; (8) long-term potential to enhance shareholder value; and (9) contribution as a member of the executive management team.

Our allocation between long-term and currently paid compensation is intended to ensure adequate base compensation to attract and retain personnel, while providing incentives to maximize long-term value for our Company and our shareholders. We provide cash compensation in the form of base salary to meet competitive salary norms and reward performance on an annual basis. We provide non-cash compensation to reward performance against specific objectives and long-term strategic goals. Our compensation package for our executive officers for the fiscal year ending March 31, 2007 ranges from 100% to 53% in cash compensation and 0% to 47% in non-cash compensation, including benefits and equity-related awards. We believe that this ratio is competitive within the marketplace for companies at our stage of development and appropriate to fulfill our stated policies.

### **Elements of Compensation**

#### ***Base Salary***

Our compensation committee desires to establish salary compensation for our executive officers based on our operating performance relative to comparable peer companies over a three year period. In recommending base salaries for the fiscal year ending March 31, 2007, our compensation committee considered salaries paid to executive officers of other biotechnology and pharmaceutical companies similar in size, stage of development and other characteristics. Our compensation committee's objective is to provide for base salaries that are competitive with the average salary paid by our peers. In making its recommendations, our compensation committee takes into account recommendations submitted by persons serving in a supervisory position over a particular officer or executive officer.

With respect to our fiscal year end March 31, 2007, the base salaries for our executive officers are reflected in our summary compensation table below and are as follows:

Eric L. Sorkin	\$ 375,000
Cecilia Chan	\$ 201,234
Gary Parks	\$ 200,000
Carol Olson	\$ 235,000

***Bonus and Other Non-Equity Incentive Plan Compensation***

Given our stage of development and our desire to conserve cash, we generally do not award cash bonuses or provide for other non-equity incentive plan compensation and did not make such awards in Fiscal Year 2007. As of fiscal year 2008, Mr. Sorkin, our chief executive officer, is entitled to a cash bonus of up to 60% of his base salary for each year of his employment with us based on milestones to be determined by our compensation committee, pursuant to the terms of his employment agreement with us. Those milestones have not yet been determined for the current fiscal year.

***Stock Option and Equity Incentive Programs***

We believe that equity grants provide our executive officers with a strong link to our long-term performance, create an ownership culture and closely align the interests of our executive officers with the interests of our shareholders. Because of the direct relationship between the value of an option and the market price of our common stock, we have always believed that granting stock options is the best method of motivating the executive officers to manage our Company in a manner that is consistent with the interests of our Company and our shareholders. In addition, the vesting feature of our equity grants should aid officer retention because this feature provides an incentive to our executive officers to remain in our employ during the vesting period. In determining the size of equity grants to our executive officers, our compensation committee considers our company-level performance, the applicable executive officer's performance, the period during which an executive officer has been in a key position with us, comparative share ownership of our competitors, the amount of equity previously awarded to the applicable executive officer, the vesting of such awards, the number of shares available under our 2000 Plan, the limitations under our 2000 Plan and the recommendations of management and any other consultants or advisors with whom our compensation committee may choose to consult.

In Fiscal Year 2007, stock options were granted under the 2000 Plan as an incentive to aid in the retention of the executive officers and to align their interests with those of Immtech's stockholders and, for the same reasons, it is expected that additional stock options will be granted under the 2007 Plan if it is approved by Immtech's stockholders.

We currently do not have any formal plan requiring us to grant, or not to grant, equity compensation on specified dates. With respect to newly hired executives, our practice is typically to consider stock grants at the first meeting of the compensation committee and board following such executive's hire date. The recommendations of the compensation committee are subsequently submitted to the board for approval. We intend to ensure that we do not award equity grants in connection with the release, or the withholding, of material non-public information, and that the grant value of all equity awards is equal to the fair market value on the date of grant.

We entered into an employment agreement with Mr. Sorkin in December 2006 pursuant to which we intended to grant Mr. Sorkin stock options to purchase up to 325,000 of our shares of common stock, at an exercise price equal to the fair market value of the underlying shares on December 20, 2006 subject to stockholder approval of a new equity incentive plan. In March

2007, we amended and restated the employment agreement at Mr. Sorkin's request to remove the requirement that he be granted stock options to purchase up to 325,000 shares of our common stock, and to provide that he will be eligible for future stock options conditioned on our achievements and milestones as determined by our compensation committee and our other independent directors.

We granted stock options to the executive officers on October 16, 2006. In keeping with our standard policy and practice, the exercise price of the stock options that were awarded was \$5.74 per share, the fair market value on the date of grant. The options generally vest ratably over a two year period from the date of grant and expire ten years from the date of grant. The options that were granted are set forth in the Grants of Plan-Based Awards table below. All options are intended to be qualified stock options as defined under Section 422 of the Internal Revenue Code of 1986, as amended, to the extent possible.

### *Perquisites*

Our executives do not receive any perquisites and are not entitled to benefits that are not otherwise available to all of our employees. In this regard it should be noted that we do not provide pension arrangements, post-retirement health coverage, or similar benefits for our executives or employees.

### *Defined Contribution Plan*

We maintain a qualified retirement plan pursuant to Internal Revenue Code Section 401(k) covering substantially all employees subject to certain minimum age and service requirements. Our 401(k) plan allows employees to make voluntary contributions. The assets of the 401(k) plan are held in trust for participants and are distributed upon the retirement, disability, death or other termination of employment of the participant.

Employees who participate in our 401(k) may contribute to their 401(k) account up to the maximum amount that varies annually in accordance with the Internal Revenue Code. We also make available to 401(k) plan participants the ability to direct the investment of their 401(k) accounts in various investment funds.

### **Employment Agreements**

In general, we do not enter into formal employment agreements with our employees, other than our chief executive officer. We have entered into an employment agreement with Mr. Sorkin, our current president and chief executive officer, and previously Mr. Thompson, our former president and chief executive officer.

Our compensation committee recommended these agreements in part to enable us to induce our chief executives to work at a small, dynamic and rapidly growing company where their longer-term compensation would largely depend on future stock appreciation. Our chief executive officer may from time to time have competitive alternatives that may appear to him to be more attractive or less risky than working at Immtech. The change in control and severance benefits also mitigate the risk of a potential acquisition of the company, particularly when services of the executive officer may not be required by the acquiring company. A description of

the terms of these agreements, including post-employment payments and triggers, is included in the section entitled “Potential Payments Upon Termination or Change in Control.”

### **Accounting and Tax Considerations**

We select and implement our various elements of compensation for their ability to help us achieve our performance and retention goals and not based solely on any unique or preferential financial accounting treatment. In this regard, Section 162(m) of the Internal Revenue Code generally sets a limit of \$1.0 million on the amount of annual compensation (other than certain enumerated categories of performance-based compensation) that we may deduct for federal income tax purposes with respect to the executive officers (other than our chief financial officer) listed in the summary compensation table below. Compensation realized upon the exercise of stock options is considered performance based if, among other requirements, the plan pursuant to which the options are granted has been approved by the a company’s stockholders and has a limit on the total number of shares that may be covered by options issued to any plan participant in any specified period. Options granted under our Amended & Restated 2000 Stock Incentive Plan are considered performance based. Therefore any compensation realized upon the exercise of stock options granted under the 2000 Plan will be excluded from the deductibility limits of Section 162(m). While we have not adopted a policy requiring that all compensation be deductible, we consider the consequences of Section 162(m) in designing our compensation practices.

Generally, the exercise of an incentive stock option does not trigger any recognition of income or gain to the holder. If the stock is held until at least one year after the date of exercise (or two years from the date the option is granted, whichever is later), all of the gain on the sale of the stock, when recognized for income tax purposes will be capital gain, rather than ordinary income to the recipient. Consequently, we do not receive a tax deduction. For stock options that do not qualify as incentive stock options, we are entitled to a tax deduction in the year in which the stock options are exercised equal to the spread between the exercise price and the fair market value of the stock for which the stock option was exercised. The holders of the non-qualified stock options are generally taxed on this same amount in the year of exercise.

### **Stock Ownership Guidelines**

Although we have not adopted any stock ownership guidelines, we believe that our compensation of executive officers, which includes the use of stock options, results in an alignment of interest between these individuals and our stockholders.

### **Benchmarking and Consultants**

Our compensation committee reviews the history of all the elements of each executive officer’s total compensation over the past several years and compares the compensation of the executive officers with that of the executive officers in an appropriate market comparison group comprised of other biotechnology and pharmaceutical companies similar in size, stage of development and other characteristics.

## Named Executive Officer Compensation

## SUMMARY COMPENSATION TABLE

<b>Name and Principal Position</b>	<b>Fiscal Year (ending March 31)</b>	<b>Salary \$</b>	<b>Bonus \$</b>	<b>Stock Awards \$</b>	<b>Option Awards \$ (2)</b>	<b>Non-equity Incentive Plan Compensation \$</b>	<b>Change in Pension Value and NQDC Earnings \$</b>	<b>All Other Compensation \$</b>	<b>Total \$</b>
Eric L. Sorkin <sup>(1)</sup> Chief Executive Officer and Chairman	2007	0	-----	-----	\$201,465	-----	-----	-----	\$201,465
Cecilia Chan Executive Director and Director	2007	\$201,234	-----	-----	\$101,656	-----	-----	-----	\$302,890
Gary C. Parks Secretary, Treasurer and Chief Financial Officer	2007	\$188,431	-----	-----	\$111,760	-----	-----	-----	\$300,191
Carol Ann Olson, MD, Ph.D. Senior Vice President and Chief Medical	2007	\$223,333	-----	-----	\$200,624	-----	-----	-----	\$423,957

Officer

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(1) Mr. Sorkin became Chief Executive Officer on January 23, 2006 and subsequently became President on May 1, 2006. His base salary for Fiscal Year 2007 is \$375,000 per year.

(2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of the stock options granted to each of the named executive officers in 2007 and prior fiscal years, in accordance with SFAS 123(R). The amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the 2006 grants, please refer to the notes in our financial statements. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

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**Stock Option Grants and Exercises During the Fiscal Year Ended March 31, 2007**

The following table sets forth information concerning stock option grants made during the fiscal year ended March 31, 2007, to our executive officers named in the "Summary Compensation Table" above. The fair value information in the far right column is for illustration purposes only and is not intended to predict the future price of our Common Stock. The actual future value of the stock options will depend on the market value of the Common Stock.

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Options Awards: Number of Securities Underlying Options (#)	Exercise Price or Price of Option Award (\$/Share) (2)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)			
Eric L. Sorkin	10/16/06	----	----	----	----	----	----	----	75,000	5.7
Cecilia Chan	10/16/06	----	----	----	----	----	----	----	75,000	5.7
Gary C. Parks	10/16/06	----	----	----	----	----	----	----	30,000	5.7
Carol Ann Olson	10/16/06	----	----	----	----	----	----	----	30,000	5.7

- (1) These stock options vest and become exercisable in equal monthly installments with the first installment vesting on October 16, 2006. The options expire 10 years from the date of grant on October 16, 2006.
- (2) This column shows the exercise price for the stock options granted, which was the closing price of our common stock on October 16, 2006, the date of grant.
- (3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of the stock options granted to each of the named executive officers in 2007 in accordance with SFAS 123(R). The amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the 2006 grants, please refer to the notes in our financial statements. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.



The following table sets forth certain information with respect to outstanding stock option and warrant awards of the named executive officers for the fiscal year ended March 31, 2007.

**OUTSTANDING EQUITY AWARDS AT MARCH 31, 2007**

**Option/Warrant Awards**

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options/ Warrants Exercisable (#)(1)</b>	<b>Number of Securities Underlying Unexercised Options/ Warrants Unexercisable (#)(1)</b>	<b>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)</b>	<b>Option/Warrant Exercise Price (\$)</b>	<b>Option/ Warrant Expiration Date (2)</b>
Eric L. Sorkin	36,923 (3)	0	---	6.47	7/24/2008
	173,077 (3)	0	---	6.47	10/12/2008
	972	0	---	2.55	12/24/2007
	22,000	0	---	14.29	2/2/2014
	22,000	0	---	11.03	11/16/2014
	12,153	8,681	---	7.85	1/25/2016
	15,625	59,325	---	5.74	10/16/2016
Cecilia Chan	50,123 (3)	0	---	6.47	7/24/2008