

VISTEON CORP
Form 10-K/A
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-15827

VISTEON CORPORATION
(Exact name of registrant as specified in its charter)

State of Delaware (State or other jurisdiction of	38-3519512
incorporation or organization)	(I.R.S. Employer
One Village Center Drive, Van Buren Township,	48111
Michigan	(Zip code)
(Address of principal executive offices)	Registrant's telephone number, including area code: (800)-VISTEON

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Warrants, each exercisable for one share of Common Stock at an exercise price of \$58.80 (expiring October 15, 2015)

(Title of class)

Warrants, each exercisable for one share of Common Stock at an exercise price of \$9.66 (expiring October 15, 2020)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2014 (the last business day of the most recently completed second fiscal quarter) was approximately \$4.3 billion.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of February 17, 2015, the registrant had outstanding 44,438,803 shares of common stock.

Document Incorporated by Reference

Document
None

Where Incorporated
None

Explanatory Note

Visteon Corporation (Visteon or the Company) filed its Annual Report on Form 10-K for the year ended December 31, 2014 (the Annual Report) with the Securities and Exchange Commission (the SEC) on February 26, 2015. Pursuant to General Instruction G(3) to Form 10-K, we incorporated by reference the information required by Part III of Form 10-K from our definitive proxy statement for the 2015 Annual Meeting of Shareholders. Because of late developments relating to a shareholders proposal, the definitive proxy statement will not be filed with the Commission within 120 days after our fiscal year end, and we are filing this Amendment No. 1 to the Annual Report (the Form 10-K/A) to provide the additional information required by Part III of Form 10-K. In addition, pursuant to the rules of the SEC, Item 15 of Part IV of the Annual Report also has been amended to include the certifications from the Company s Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company s Chief Executive Officer and Chief Financial Officer are attached to this Form 10-K/A as Exhibits 31.1, 31.2, 32.1 and 32.2. This Form 10-K/A does not otherwise change or update the previously reported financial statements or any of the other disclosures contained in Part I, Part II or Part IV or any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Form 10-K/A should be read in conjunction with our filings with the SEC subsequent to the filing of the Annual Report.

Part III

Item 10. Directors, Executive Officers and Corporate Governance **Information Regarding Current Directors**

Duncan H. Cocroft is 71 years old and he has been a director of Visteon since October 18, 2010. Mr. Cocroft is the former Executive Vice President, Finance and Treasurer of Cendant Corporation, a provider of consumer and business services primarily in the travel and real estate services industries, a position he held from June 1999 until March 2004. During that time, Mr. Cocroft also served as Executive Vice President and Chief Financial Officer of PHH Corporation, Cendant's wholly-owned finance subsidiary. Prior to joining Cendant in June 1999, Mr. Cocroft served as Senior Vice President, Chief Administrative Officer and Principal Financial Officer of Kos Pharmaceuticals, Inc. and as Vice President and Chief Financial Officer of International Multifoods Corporation. Mr. Cocroft also serves as a director of SBA Communications Corporation.

Mr. Cocroft has experience as a chief financial officer and other financial oversight positions at large, global public companies, as well as other senior management experience including the oversight of information systems and human resources. He also has experience chairing the audit committee of a public company.

Jeffrey D. Jones is 62 years old and he has been a director of Visteon since October 1, 2010. Mr. Jones is an attorney with Kim & Chang, a South Korea-based law firm, a position he has held since 1980. Mr. Jones serves as Chairman of the Board of Partners for Future Foundation, a Korean non-profit foundation. Mr. Jones has also served as a director of POSCO and the Doosan Corporation during the past five years.

Mr. Jones has over thirty years of international legal experience, with particular focus on Asia. He has served on the board of multinational companies and has been active in civic and charitable activities. He has served as chairman of the American Chamber of Commerce in Korea, as an advisor to several organizations and government agencies in Korea, and as a recognized member of the Korean Regulatory Reform Commission.

Timothy D. Leuliette is 65 years old and he has been Visteon's Chief Executive Officer and President since September 30, 2012, and a director of the Company since October 1, 2010. From August 10, 2012 to September 30, 2012 Mr. Leuliette served as Visteon's Interim Chairman of the Board, Interim Chief Executive Officer and Interim President, and prior to that Mr. Leuliette was the Senior Managing Director of FINNEA Group, LLC, an investment and financial services firm since October 14, 2010. Mr. Leuliette has also served as the President and Chief Executive Officer of Dura Automotive LLC, an automotive supplier, from July 2008, a director of Dura from June 2008, and the Chairman of the Board of Dura from December 2008. Mr. Leuliette also served as a Managing Director of Patriarch Partners LLC, the majority stockholder of Dura. Prior to that, he served as Co-Chairman and Co-Chief Executive Officer of Asahi Tec Corporation, a manufacturer of automotive parts and other products, and Chairman, Chief Executive Officer and President of Metaldyne Corporation, an automotive supplier, from January 2001 to January 2008. Over his career he has held executive and management positions at both vehicle manufacturers and suppliers and has served on both corporate and civic boards, including as Chairman of the Detroit Branch of the Federal Reserve Bank of Chicago.

Mr. Leuliette has extensive experience in the automotive industry, including leadership roles with diversified suppliers of automotive components, systems and modules. He has deep experience with integrating acquired business, overseeing sophisticated sale transactions and restructuring distressed companies.

Joanne M. Maguire is 61 years old and has been a Director of Visteon since January 6, 2015. Ms. Maguire served as Executive Vice President of Lockheed Martin Space Systems Company, a provider of advanced-technology systems

for national security, civil and commercial customers, from July 2006 until she retired in May 2013. Ms. Maguire joined Lockheed Martin in 2003. Ms. Maguire also serves on the board of Freescale Semiconductor, Inc.

Ms. Maguire has extensive experience in the technology sector, including senior leadership positions with a publicly traded company, including responsibility for operations and profitability.

Robert Manzo is 57 years old and has been a director of Visteon since June 14, 2012. Mr. Manzo is the founder and managing member of RJM I, LLC, a provider of consulting services to troubled companies, a position he has held since 2005. From 2000 to 2005, Mr. Manzo was the senior managing director of FTI Consulting, Inc., a global business advisory firm. Mr. Manzo is a graduate of Rider University and is a certified public accountant.

Mr. Manzo has extensive experience advising distressed companies in the automotive and other industries, and possesses financial and accounting expertise.

Francis M. Scricco is 65 years old. He was appointed Visteon's non-Executive Chairman of the Board on September 30, 2012, and has been a director of Visteon since August 10, 2012. Mr. Scricco is the former Senior Vice President, Manufacturing, Logistics and Procurement of Avaya, Inc., a global business communications provider, a position he held from February 2007 to October 2008. Prior to that he was Avaya's Senior Vice President, Global Services since March 2004. Mr. Scricco also served as the interim Chief Operating Officer of Oasys, Inc. from August 2011 to December 2011 and again from May 2012 to September 2012. Mr. Scricco currently serves on the boards of Masonite, Inc. and Tembec, Inc., both public companies as well as Wastequip, LLC, a privately held company.

Mr. Scricco has extensive global business leadership experience, including public company board service. Mr. Scricco has spent more than twenty-five years as a senior P&L manager in six different industries. His P&L experience ranges from CEO of a venture capital technology start-up to CEO of a \$13 billion publicly traded Fortune 200 company.

David L. Treadwell is 60 years old and he has been a director of Visteon since August 10, 2012. Mr. Treadwell currently serves on the boards of Flagstar Bank and FairPoint Communications, both which are publicly traded on U.S. stock exchanges. Mr. Treadwell also serves, since January 2011, as Chairman of C & D Technologies, a producer and marketer of electrical power storage and conversion products; since March 2012, as Chairman of Revere Industries, a manufacturer of various plastic and metal components for industrial use; since January 2013, as Chairman of Grow Michigan, LLC, a \$30 million mezzanine debt fund targeted to promoting economic growth in Michigan's small business community; and since July 2013, as Chairman of AGY, LLC, a leading producer of high tech glass fiber for a variety of global applications. Mr. Treadwell served as President and CEO of EP Management Corporation, formerly known as EaglePicher Corporation, from August 2006 to September 2011. Mr. Treadwell was EaglePicher's chief operating officer from June 2005 to July 2006. Prior to that, he served as Oxford Automotive's CEO from 2004 to 2005.

Mr. Treadwell has extensive experience advising and leading distressed companies in the automotive and other industries.

Harry J. Wilson is 43 years old and he has been a Director of Visteon since July 28, 2011. He has been the Chairman and Chief Executive Officer of MAEVA Group, LLC, a turnaround and restructuring boutique, since January 2011. Prior to that, he served as a Senior Advisor on the President's Automotive Task Force from March 2009 to August 2009, and he was a Partner at Silver Point Capital, a credit oriented investment fund, where he joined as a Senior Analyst in May 2003 and served until August 2008. Mr. Wilson was the Republican nominee for the office of New York State Comptroller in 2010. During the past five years he has served on the boards of Yahoo! Inc. and YRC Worldwide, Inc., and currently also serves on the board of Sotheby's.

Mr. Wilson has extensive financial and transactional expertise including advising distressed companies in the automotive and other industries.

Rouzbeh Yassini-Fard is 56 years old and he has been a Director of Visteon since January 5, 2015. He is founder and CEO of YAS Capital Partners, a boutique firm specializing in advancement of broadband Internet technology and services founded in 1997, and an Executive Director of the University of New Hampshire Broadband Center of

Excellence. Dr. Yassini-Fard is known as the father of the cable modem for his pioneering work in broadband technology and creation of global standards for broadband. He has previously served on the boards of LANcity, Broadband Access Systems, TrueChat and Entropic Communications.

Dr. Yassini-Fard has extensive executive business experience with specific focus in the technology sector furthering the advancement of broadband Internet technology and services for ubiquitous connectivity worldwide.

Kam Ho George Yuen is 70 years old and he has been a director Visteon since June 13, 2013. Mr. Yuen is the former Chief Executive of The Better Hong Kong Foundation, a non-profit organization founded to enhance public confidence in Hong Kong

with overseas business and political leaders, a position he held from September 1997 until August 2006. Prior to that, he was the Assistant Director/Acting Deputy Director of the Information Services Department of the Hong Kong Government. Mr. Yuen is also a non-executive director of PNG Resources Holdings Limited, a Hong Kong listed company, and Industrial and Commercial Bank of China (Asia) Limited. He also served as a non-executive director of Tradelink Electronic Commerce Limited, a Hong Kong listed company, from November 2006 and May 2011. Mr. Yuen is a Standing Committee Member of Convocation and Member of the Court of the University of Hong Kong, and a board director/Vice-Chairman of the Hong Kong Society for the Aged since 1979.

Mr. Yuen is active in many international business conferences and government and community activities, including being a Chairman of the Banking and Finance Task Force of the Business Advisory Council of the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP), Special Adviser of the China National Committee for Pacific Economic Cooperation (PECC China), a member of The Chinese People's Political Consultative Conference, Guangxi Autonomous Region, China, an adviser of the Institute of Finance and Trade Economics, a Fellow of the Hong Kong Institute of Directors, a member of the British Institute of Management and the Institute of Marketing, United Kingdom. He graduated from The University of Hong Kong with a Bachelor's Degree (Honors) and attended post-graduate studies at the International Marketing Institute, Oxford University, and INSEAD.

Committees of the Board of Directors

The Board has established four standing committees. The principal functions of each committee are briefly described on the following pages.

Audit Committee

The Board has a standing Audit Committee, currently consisting of Duncan H. Cocroft (Chair), Robert J. Manzo and David L. Treadwell, all of whom are considered independent under the rules and regulations of the Securities and Exchange Commission, the New York Stock Exchange listing standards and the Visteon Director Independence Guidelines. The Board has determined that each of the current members of the Audit Committee has accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange, and Messrs. Cocroft and Manzo are qualified as an audit committee financial expert within the meaning of the rules and regulations of the Securities and Exchange Commission. During 2014, the Audit Committee held eight regularly scheduled and special meetings. The duties of the Audit Committee are generally:

to select and evaluate the independent registered public accounting firm;

to approve all audit and non-audit engagement fees and terms;

to review the activities and the reports of the Company's independent registered public accounting firm;

to review internal controls, accounting practices, financial structure and financial reporting, including the results of the annual audit and review of interim financial statements;

to review and monitor compliance procedures; and

to report the results of its review to the Board.

The charter of the Audit Committee, as well as any future revisions to such charter, is available on the Company's website at www.visteon.com/investors.

Organization and Compensation Committee

The Board also has a standing Organization and Compensation Committee, consisting of David L. Treadwell (Chair), Duncan H. Cocroft, Jeffrey D. Jones and Harry J. Wilson, all of whom are considered independent under the New York Stock Exchange listing standards and the Visteon Director Independence Guidelines. During 2014, the Organization and Compensation Committee held ten regularly scheduled and special meetings, and took action by written consent once. The Organization and Compensation Committee oversees the Company's programs for compensating executive officers and other key management employees, including the administration of the Company's stock-based compensation plans, and approves the salaries, bonuses and other awards to executive officers. Other duties of the Organization and Compensation Committee are generally:

to review and approve corporate goals and objectives relative to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance and set the Chief Executive Officer's compensation level based on this evaluation;

to review and approve executive compensation and incentive plans;

to approve the payment of cash performance bonuses and the granting of stock-based awards to the Company's employees, including officers; and

to review and recommend management development and succession planning.

The charter of the Organization and Compensation Committee, as well as any future revisions to such charter, is available on the Company's website at www.visteon.com/investors.

The Chief Executive Officer of the Company, with the consultation of the Vice President, Human Resources, provides recommendations to the committee on the amount and forms of executive compensation, and assists in the preparation of Committee meeting agendas. Pursuant to the Company's 2010 Incentive Plan, the Committee may delegate its power and duties under such plan to a committee consisting of two or more officers of the Company except in respect of individuals subject to the reporting or liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended. The Committee has authorized the Vice President, Human Resources, together with the concurrence of either of the Chief Financial Officer or the General Counsel, to approve awards of up to 30,000 stock options and/or stock appreciation rights (subject to an annual limit of 300,000 stock options and/or stock appreciation rights) and up to 15,000 shares of restricted stock and/or restricted stock units (subject to an annual limit of 150,000 shares of restricted stock and/or restricted stock units) to individuals the Company desires to hire or retain, except any individual who is or upon commencing employment will be subject to the liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended.

The Committee has the authority to retain, approve the fees and other terms of, and terminate any compensation consultant, outside counsel or other advisors to assist the committee in fulfilling its duties. During 2014, the Committee retained the firm of Frederic W. Cook & Co., Inc., an executive compensation consulting firm, to advise the Committee on competitive market practices and trends as well as on specific executive and director compensation matters as requested by the Committee or the Board. The Company maintains no other significant direct or indirect business relationships with this firm, and no conflict of interest with respect to such firm was identified. In addition, the Company utilizes Towers Watson and Pay Governance to provide broad-based benchmarking data for executive pay.

Corporate Governance and Nominating Committee

The Board also has a standing Corporate Governance and Nominating Committee, consisting of Robert J. Manzo (Chair), Joanne M. Maguire, Rouzbeh Yassini-Fard and Kam Ho George Yuen, all of whom are considered independent under the New York Stock Exchange listing standards and the Visteon Director Independence Guidelines. During 2014, the Corporate Governance and Nominating Committee held five regularly scheduled and special meetings. The duties of the Corporate Governance and Nominating Committee are generally:

to develop corporate governance principles and monitor compliance therewith;

to review the performance of the Board as a whole;

to review and recommend to the Board compensation for outside directors;

to develop criteria for Board membership;

to identify, review and recommend director candidates; and

to review and monitor certain environmental, safety and health matters.

The charter of the Corporate Governance and Nominating Committee, as well as any future revisions to such charter, is available on the Company's website at www.visteon.com/investors.

The Corporate Governance and Nominating Committee has the authority to retain consultants to assist the Committee in fulfilling its duties with director recruitment and compensation matters. During 2014, the Corporate Governance and Nominating Committee retained the firm of Frederic W. Cook & Co., Inc., to advise the Committee on competitive market practices and trends for outside director compensation.

Finance and Corporate Strategy Committee

The Board has a standing Finance and Corporate Strategy Committee, consisting of Harry J. Wilson (Chair), Jeffrey D. Jones, Robert J. Manzo, David L. Treadwell and Kam Ho George Yuen, all of whom are considered independent under the Visteon

Director Independence Guidelines. During 2014, the Finance and Corporate Strategy Committee held eleven regularly scheduled and special meetings. The duties of the Finance and Corporate Strategy Committee generally are:

to review and make recommendations to the Board regarding the Company's cash flow, capital expenditures and financing requirements;

to review the Company's policies with respect to financial risk assessment and management including investment strategies and guidelines;

to review and make recommendations on mergers, acquisitions and other major financial transactions requiring Board approval;

to consider and recommend to the Board stock sales, repurchases or splits, as appropriate, and any changes in dividend policy; and

to evaluate bona fide proposals in respect of major acquisitions, dispositions, mergers and other transactions for recommendation to the Board.

The charter of the Finance and Corporate Strategy Committee, as well as any future revisions to such charter, is available on the Company's website at www.visteon.com/investors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers, directors and greater than 10% stockholders to file certain reports (Section 16 Reports) with respect to their beneficial ownership of the Company's equity securities. Based solely on a review of copies of reports furnished to the Company, or written representations that no reports were required, the Company believes that all Section 16 Reports that were required to be filed were filed on a timely basis except for one Form 4 report for Martin Thall related to the vesting of a restricted stock unit award that was filed one day late due to an administrative error.

Code of Ethics

The Company has adopted a code of ethics, as such phrase is defined in Item 406 of Regulation S-K that applies to all directors, officers and employees of the Company and its subsidiaries, including the Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Senior Vice President and Chief Accounting Officer. The code, entitled Ethics and Integrity Policy, is available on the Company's website at www.visteon.com.

Communications with the Board of Directors

Stockholders and other persons interested in communicating directly with the Chairman of the Board, a committee chairperson or with the non-management directors as a group may do so as described on the Company's website (www.visteon.com/investors), or by writing to the chairperson or non-management directors of Visteon Corporation c/o of the Corporate Secretary, One Village Center Drive, Van Buren Township, Michigan 48111.

The Corporate Governance and Nominating Committee also welcomes stockholder recommendations of director candidates. Stockholders may suggest candidates for the consideration of the committee by submitting their suggestions in writing to the Company's Secretary, including the agreement of the nominee to serve as a director. In addition, the Company's Bylaws contain a procedure for the direct nomination of director candidates by stockholders, and any such nomination will also be automatically submitted to the Corporate Governance and Nominating Committee for consideration.

Executive Officers of the Registrant

The following table shows information about the executive officers of the Company and other key employees. Ages are as of February 1, 2015:

Name	Age	Position
Timothy D. Leuliette	65	President and Chief Executive Officer
Jeffrey M. Stafeil	45	Executive Vice President and Chief Financial Officer
Martin T. Thall	53	Executive Vice President and President, Electronics Product Group
Michael J. Widgren	46	Senior Vice President, Corporate Controller and Chief Accounting Officer
Peter M. Ziparo	45	Vice President and General Counsel
Yong Hwan Park	58	President and Chief Executive Officer, Halla Visteon Climate Control Corporation

Timothy D. Leuliette has been Visteon's Chief Executive Officer and President since September 30, 2012, and a director of the Company since October 1, 2010. From August 10, 2012 to September, 30, 2012 Mr. Leuliette served as Visteon's Interim Chairman of the Board, Interim Chief Executive Officer and Interim President, and prior to that Mr. Leuliette was the Senior Managing Director of FINNEA Group, LLC, an investment and financial services firm since October 14, 2010. Mr. Leuliette has also served as the President and Chief Executive Officer of Dura Automotive LLC, an automotive supplier, from July 2008, a director of Dura from June 2008, and the Chairman of the Board of Dura from December 2008. Mr. Leuliette also served as a Managing Director of Patriarch Partners LLC, the majority stockholder of Dura. Prior to that, he served as Co-Chairman and Co-Chief Executive Officer of Asahi Tec Corporation, a manufacturer of automotive parts and other products, and Chairman, Chief Executive Officer and President of Metaldyne Corporation, an automotive supplier, from January 2001 to January 2008. Over his career he has held executive and management positions at both vehicle manufacturers and suppliers and has served on both corporate and civic boards, including as Chairman of the Detroit Branch of the Federal Reserve Bank of Chicago.

Jeffrey M. Stafeil has been Visteon's Executive Vice President since joining the Company on October 31, 2012 and Chief Financial Officer since November 2, 2012. Prior to joining the Company, Mr. Stafeil was the chief executive officer of DURA Automotive Systems LLC, an automotive supplier, since October 2010, and DURA's executive vice president and chief financial officer between December 2008 and October 2012. Prior to that, Mr. Stafeil was the chief financial officer and a board member at the Klöckner Pentaplast Group, a producer of films for packaging, printing and specialty applications, from July 2007 to December 2008. From July 2003 to July 2007, he was the executive vice president and chief financial officer of Metaldyne Corporation, an automotive supplier. Prior to joining Metaldyne in 2001, Mr. Stafeil served in a variety of management positions at Booz Allen and Hamilton, Peterson Consulting and Ernst and Young. In addition, from January 2007 to July 2009, he served on the board of directors and was co-chairman of the audit committee for Meridian Automotive Systems, and served on the board of directors and was audit committee chairman of J.L. French Automotive Castings, Inc. from September 2009 to June 2012.

Martin T. Thall has been Visteon's Executive Vice President and President, Electronics Product Group since November 19, 2013. Before joining Visteon, Mr. Thall was a vice president at Verizon Communications, a mobile phone service provider, from January 2012 to April 2013, and Chief Executive Officer of Vehicle ICT Corporation, a provider of management consulting services to automotive and information technology firms, from January 2010 to December 2011. Prior to that, he served in various management roles at Microsoft Corporation from 1996 to 2008, including Vice President and General Manager of the Automotive Business Unit. Mr. Thall also served as director of Blackline GPS, Inc. from July 2009 to December 2011.

Michael J. Widgren has been Visteon's Senior Vice President, Corporate Controller and Chief Accounting Officer since November 1, 2013. Prior to that he was Vice President, Corporate Controller and Chief Accounting Officer since May 2007, served as Visteon's interim Chief Financial Officer from October 3, 2012 to November 2, 2012, and was Assistant Corporate Controller since joining the Company in October 2005. Before joining Visteon, Mr. Widgren served as Chief Accounting Officer for Federal-Mogul Corporation.

Peter M. Ziparo has been Visteon's Vice President and General Counsel since April 2014. Prior to that, he was Assistant General Counsel since 2005 and Associate General Counsel since joining the Company in October 2002. Before joining Visteon, Mr. Ziparo was a corporate associate with Morrison & Foerster LLP and Chadbourne & Parke LLP.

Yong Hwan Park has been Halla Visteon Climate Control Corporation's President and Chief Executive Officer since March 2012. From June 2011 until March 2012, Mr. Park served as President and Chief Operating Officer of Halla Visteon Climate Control Corporation. Prior to that, he was Vice President, Corporate Planning from January 2011 until May 2011, and Senior Director, Corporate Planning prior thereto. Mr. Park joined Halla Visteon Climate Control Corporation in 1986 when the company was formed and has held various roles of increasing responsibility.

Item 11. Executive Compensation

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis presents information about the compensation of the following executive officers named in the Summary Compensation Table below (the **Named Executive Officers** or **NEOs**), including:

Timothy D. Leuliette, President and Chief Executive Officer (CEO);

Jeffrey M. Stafeil, Executive Vice President and Chief Financial Officer (CFO);

Martin T. Thall, Executive Vice President and President, Electronics Product Group;

Peter M. Ziparo, Vice President and General Counsel, effective April 2014; and

Michael J. Widgren, Senior Vice President, Corporate Controller and Chief Accounting Officer.

Executive Summary

The executive team's primary focus remains on optimizing the business portfolio in order to deliver profits and generate cash, maximizing shareholder value. During 2014, we implemented changes and entered into significant agreements to unlock shareholder value and strongly position the new Visteon for future growth. Specifically, as we enter 2015, we are positioning the Company to become a pure-play, world-class Cockpit Electronics Ecosystems Enterprise (**Electronics business**) that is a leader in innovation.

Highlights of these key actions and other 2014 financial and strategic achievements are summarized below.

2014 Adjusted EBITDA of \$702 million, up 17% from 2013;

2014 Adjusted Free Cash Flow of \$111 million;

Completing the acquisition of the JCI Electronics business, which, when combined with our existing capabilities, is expected to enhance Visteon's competitive position in the fast-growing vehicle cockpit electronics segment by strengthening its global scale, manufacturing and engineering footprint, product portfolio and customer penetration. On a combined basis, the Company's Electronics business is expected to have approximately \$3 billion in annual revenue with a No. 2 global position in driver information and above-average growth rates for the cockpit electronics segment, supplying nine of the world's ten largest vehicle manufacturers;

Winning a record \$1.3 billion of new and re-win Electronics business during 2014;

Strengthening our balance sheet by transferring approximately \$350 million of U.S. pension assets to Prudential Insurance Company of America in settlement of approximately \$350 million of U.S. pension obligation, which substantially reduces the related risk of economic volatility associated with the pension assets and obligation;

Acquiring the thermal and emissions product line of Cooper Standard, which was added to our Halla Visteon Climate Control Corporation (HVCC) business;

Completing the divestiture of the majority of the Interiors business, which allows the Company to focus on its market-leading position in the Electronics business;

Entering into a Share Purchase Agreement in December 2014 with Hahn & Co. Auto Holdings Co., Ltd. and Hankook Tire Co., Ltd. to sell all of our outstanding shares in HVCC for approximately \$3.6 billion or KRW 52,000 per share. The agreement, subject to regulatory reviews, shareholder approval and other conditions, is expected to be completed in the first half of 2015; and

Returning approximately \$500 million in cash to shareholders through share repurchases in 2014.

Our recent total shareholder returns (TSR) have been strong, as shown below, with 2014 at +30% and the three-year TSR (2012 to 2014) at +114%.

2014 Named Executive Officer Annualized Target Compensation Opportunity Is Primarily Performance-based

The vast majority of the annualized target compensation opportunity (including long-term incentives awarded in 2012) is performance-based with the amounts realized, if any, based on our financial results or stock price performance. In 2014, 83% of the CEO's annualized target compensation was provided through annual and long-term incentive award opportunities.

Base Salary 17% of the target compensation mix

Annual Incentive award opportunity 20%

Long-Term Incentive award opportunity 63%

Our Strong 2014 Performance Results Are Reflected in 2014 Compensation

The 2014 compensation for our Named Executive Officers is commensurate with the Company's 2014 performance and the goals of our executive compensation program. The mix of award types and incentive plan performance measures was selected to align with our business strategy, talent needs, and market practices. Actual pay realized by the executive officers was based primarily on the Company's financial and stock price performance results. A minority of pay was based on fixed elements (base salaries, perquisites, and retirement benefit contributions on base salaries), given our focus on performance-based pay elements (annual and long-term incentives).

The Company's Adjusted EBITDA performance for 2014 far exceed our targeted Adjusted EBITDA metric for our Annual Incentive award opportunity. The Company also generated total shareholder return of +30% for 2014.

No New Long-Term Incentive Compensation Awards for Longer Serving NEOs

In 2012, the Organization and Compensation Committee (the Committee) granted long-term incentive awards to certain Named Executive Officers that were designed to cover awards that would have been made in each of 2013, 2014 and 2015. As a result, the CEO and other Named Executive Officers hired/in the role before 2014 did not receive an annual grant of long-term incentive awards in 2014. The 2012 awards are tied to long-term value creation, as

measured by total shareholder return and sustained stock price appreciation. The Organization and Compensation Committee designed the executive officer long-term incentive structure to align management with the ultimate measure of the Company's success by our shareholders' long-term stock price performance. Mr. Thall, who joined the Company in November 2013, was awarded a long-term incentive opportunity that is based on increasing the value of the Company's Electronics business. Executives who participated in the Late 2012 Three-Year award (covering 2013 to 2015) did not participate in the 2014 Long-Term Incentive (LTI) award. Mr. Ziparo's late 2012 award was a one year award covering 2013, as such he was the only NEO to receive an LTI award in 2014.

2014 Say-on-Pay Advisory Vote Outcome

In 2014, our executive compensation program received 88.8% approval from our shareholders. This strong level of shareholder support was an improvement on the 72.4% approval received in 2013. Our goal is to continue to meet the approval of our shareholders and remain responsive to their concerns. As such, we regularly have discussions with shareholders to ensure they

understand our officer pay program and to address any questions. During 2014 these discussions did not identify any issues, which further confirmed that, overall, our officer pay program is well aligned to shareholder value creation. As detailed throughout this Compensation Discussion & Analysis, we believe the officer compensation program is strongly aligned with shareholder value creation, and reflects strong corporate governance practices.

Executive Compensation Program Design and Governance Practices

Our executive compensation program is designed to provide strong alignment between executive pay and Company performance, and incorporates best practices. Here are some of the compensation practices we follow and those that we avoid.

- | | |
|-------------------------|---|
| <i>What We Do</i> | <ul style="list-style-type: none"> ü The Committee approves all aspects of officer pay ü Target pay levels, on average, to be within a competitive range of the median of comparable companies, considering an individual's responsibilities, business impact, performance and other factors ü Provide the majority of pay through performance-based annual and long-term programs ü Balance short- and long-term incentives using multiple performance metrics, covering individual, financial and total shareholder return performance ü Have double trigger (qualified termination of employment following a change in control) equity acceleration for all of the CEO's awards and most equity awards granted since mid-2012. Beginning in 2015, all equity awards have a double trigger, as specified in the amended 2010 Incentive Plan (shareholder proposal herein) ü Cap incentive awards that are based on performance goals ü Have change in control agreements with a double trigger for cash severance payments to be made ü Apply robust stock ownership guidelines to ensure ongoing and meaningful alignment with stockholders ü Have a compensation recovery (clawback) policy for executive officers in the event of a financial restatement ü Prohibit hedging transactions, purchasing the Company's common stock on margin or pledging such shares ü Provide limited perquisites ü Review key elements of the officer pay program annually, as conducted by the Committee, which also considers our business and talent needs, and market trends ü Use an independent compensation consultant |
| <i>What We Don't Do</i> | <ul style="list-style-type: none"> × Do not provide excise tax gross-ups × Do not have excessive compensation practices that encourage excessively risky business decisions × Do not grant stock options or stock appreciation rights with an exercise price less than the fair market value on the grant date |

- × Do not provide dividends or dividend equivalents on unearned PSUs

Executive Compensation Program Administration

The Committee is primarily responsible for administering the Company's executive compensation program. The Committee reviews and approves all elements of the executive compensation program that cover the Named Executive Officers. In fulfilling its responsibilities, the Committee is assisted by its independent compensation consultant and takes into account recommendations from the CEO. The primary roles of each party are summarized below.

Party:	Primary Roles:
Organization and Compensation Committee (comprised solely of independent directors)	<p>Oversee all aspects of the executive compensation program</p> <p>Approve officer compensation levels, incentive plan goals, and award payouts</p> <p>Approve specific goals and objectives, as well as corresponding compensation, for the CEO</p> <p>Ensure the executive compensation program best achieves the Company's objectives, considering the business strategy, talent needs, and market trends</p>
Senior Management (CEO, CFO, VP HR, and General Counsel)	<p>Make recommendations regarding the potential structure of the executive compensation program, including input on key business strategies and objectives</p> <p>Make recommendations regarding the pay levels of the officer team (excluding the CEO)</p> <p>Provide any other information requested by the Committee</p>
Compensation Consultant (Frederic W. Cook & Co., Inc.)	<p>Advise the Committee on competitive market practices and trends</p> <p>Provide proxy pay data for our compensation peer group</p> <p>Present information and benchmarking regarding specific executive compensation matters, as requested by the Committee</p> <p>Review management proposals and provide recommendations regarding CEO pay</p>

Additional information about the role and processes of the Committee is presented above under "Committees of the Board of Directors - Organization & Compensation Committee."

Executive Compensation Program Philosophy

The primary objectives of the Company's executive compensation program are to recruit, motivate, and retain highly-qualified executives who are key to our long-term success and will focus on maximizing shareholder value. As such, the Company's executive compensation program is structured to accomplish the following:

Drive achievement of the Company's strategic plans and objectives;

Create strong alignment of the interests of executives with the creation of shareholder value, particularly as measured by total shareholder return/stock price appreciation;

Provide a market competitive total compensation package customized to fit our business and talent needs; and

Be cost-effective and straightforward to understand and communicate.

For each element of compensation and in total, the Company generally targets annualized compensation to be within a competitive range of market median, considering an individual's experience, performance, and business impact, as well as our organizational structure and cost implications. The target compensation mix is set based on position responsibilities, individual considerations, and market competitive practices. The proportion of variable, or at risk, compensation, provided through incentive programs, increases as an employee's level of responsibility increases commensurate with the position's impact on the business. The actual pay earned, if any, for annual and long-term incentives reflects Company and individual performance.

Market Compensation Practices

As one of the inputs in determining executive compensation each year, the Company reviews survey and proxy compensation data regarding market practices. In 2014, the Company reviewed NEO base salaries, target annual and long-term incentive award opportunities, as well as selected pay program design practices. In conducting this review, the Committee selected 16 companies in similar industries (the Compensation Peer Group) with median annual revenues of approximately \$7 billion (range of \$2 to \$16 billion), and general industry as comparators. We believe the Compensation Peer Group represents a reasonable comparator group of direct automotive supplier peers and other related companies with which we currently compete for executive talent. When general industry compensation data are used, the Company is not aware of the specific participant companies in the analysis. The Compensation Peer Group, which is unchanged from 2013, is listed below.

American Axle & Manufacturing Autoliv, Inc.	Flowserve Corp. ITT	Oshkosh Corporation Rockwell Automation Inc.
BorgWarner Inc.	Lear Corporation	SPX Corporation
Dana Holding Corporation	Meritor, Inc.	Tenneco Inc.
Federal-Mogul Corp.	Navistar International Corporation	Timken Co.
		TRW Automotive Holdings Corp.

Executive Compensation Program Description of Primary Elements

An overview of the primary elements of the executive compensation program is presented below. Consistent with our emphasis on aligning pay and performance, the largest portion of the target compensation opportunity is provided through annual and long-term incentive programs.

Each primary element of the executive compensation program is described below.

Base Salary

Base salaries, combined with medical, life and disability benefits, provide basic security for our employees at levels necessary to attract and retain a highly qualified and effective salaried workforce. Base salaries are determined taking into account market data as well as an individual's position, responsibilities, experience, and value to the Company. During 2014 three of the Named Executive Officers received base salary increases. Effective April 1, 2014, Messrs. Stafeil and Widgren received merit-based salary increases of 3% to \$689,585 and \$422,300, respectively and, coinciding with his promotion, Mr. Ziparo received a market- and merit-based increase resulting in an annualized salary of \$350,000. The actual salaries paid to each Named Executive Officer for 2014 are presented in the Summary Compensation Table.

Annual Incentive Awards

The Company's Annual Incentive (AI) program provides key salaried employees the opportunity to earn an annual cash bonus based on specified individual, financial, operational and/or strategic goals. This program is designed to motivate executives to achieve key short-term financial and operational goals of the Company. The target incentive opportunities are expressed as a percentage of base salary, which are set by the Committee considering the potential impact on the business of each role, the relationships among the roles and market competitive levels for the positions. The target annual incentive opportunities, as a percentage of base salary as of December 31, 2014, are: Mr. Leuliette 125%, Messrs. Stafeil and Thall 80%, Mr. Ziparo 50% and Mr. Widgren 60%. Actual awards earned can range from 0% to 200% of target based on Company, business unit and individual performance.

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On February 26, 2014, the Committee approved 2014 AI award opportunities for approximately 1,500 global salaried employees, including the Named Executive Officers. The Committee determined that the maximum amount an executive officer would be eligible for under the 2014 AI would be based upon the Company's achievement of Adjusted EBITDA in 2014, which serves as a single umbrella performance measure. The Committee would then exercise its negative discretion from these maximum amounts based on assessment of individual, product group and Company performance with respect to relevant financial and operational goals.

Specific threshold, target, and maximum goals for the 2014 AI are set forth below, as well as the percentage of the target award earned and 2014 actual results.

Measure (\$ in millions)	2014 Threshold	2014 Target	2014 Maximum	2014 Actual	Resulting Award
	(0%)	(100%)	(200%)		as % of Target
Adjusted EBITDA	<\$ 340	\$ 340	\$ 580	\$ 702	200%

Adjusted EBITDA was defined as net income (loss) attributable to the Company, plus net interest expense, provision for income taxes, depreciation and amortization and net income attributable to non-controlling interests, as further adjusted to eliminate the impact of asset impairments, gains or losses on divestitures, discontinued operations, net restructuring expenses and other reimbursable costs, non-cash stock-based compensation expense, certain non-recurring employee charges and benefits, reorganization items, other non-operating gains and losses, and equity in net income of non-consolidated affiliates.

In its exercise of negative discretion from these maximum amounts, the Committee reduced the awards payable to all NEOs under the umbrella arrangement and determined their actual AI awards based on their individual performance and the degree of achievement of the general financial performance, new business wins and quality goals used in determining the funding of AI awards for employees other than executive officers. The total funding available for Corporate and Electronics participants was based on achieved Adjusted EBITDA results of \$702 million and \$208 million, respectively, for 2014.

The Committee considered the following factors in determining the amount of the final awards:

Individual performance factors, including strategic transactions, leadership and balance sheet improvement;

Adjusted Free Cash Flow performance;

New Business Wins; and

Quality.

As a result of the foregoing, the executives' 2014 incentive awards were paid at approximately the following rates: 145% of target for Mr. Thall reflecting the Electronics group performance, 113% of target for Mr. Leuliette, 125% of target for Mr. Stafeil, 136% of target for Mr. Ziparo and 103% of target for Mr. Widgren. The payouts for the executives reflect their leadership and significant contributions to our strong 2014 performance, including the electronics acquisition, interiors divestiture, overall financial results and TSR of +30% as detailed in the Executive Summary. The amounts paid to the Named Executive Officers are set forth in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation.

Long-Term Incentive Awards

The Company's Long-Term Incentive program is designed to reward executives for the achievement of specified multi-year goals that are linked to the Company's long-term financial performance, to align the delivery of incentive value with increases in the Company's stock price and to retain key employees. Typically awards are granted each year with a vesting or performance period of three years; however, in some situations, such as the recruitment of new executives or to focus on objectives with a different duration, the Company may use a shorter or longer period. The annualized total targeted long-term incentive award opportunity, expressed as a percentage of base salary, is typically determined by organization level.

2014 Long-Term Incentive Grants to Mr. Ziparo

On March 27, 2014, Mr. Ziparo, who did not participate in the Late 2012 Three-Year Awards (discussed below), received regular long-term incentive grants with a grant date value, in total, equal to 105% of base salary. The grant

mix was performance stock units, stock options and restricted stock units, as described below.

Award Type and Weighting	Primary Role	Design Features
<i>Performance Stock Units (50% of the total LTI award)</i>	Reward the achievement of total shareholder return (TSR) results over 2014 to 2016 relative to returns of 17 similar companies	<p>Performance stock units (PSU) provide executives the opportunity to earn shares based on the Company's three-year total shareholder return (TSR) relative to 17 automotive sector peer companies (listed below)</p> <p>The awards are divided among three periods with all earned awards paid at the end of the three-year cycle (paid in early 2017)</p> <p>2014 TSR performance (25% of award opportunity)</p> <p>2014 to 2015 TSR performance (25% of award opportunity)</p> <p>2014 to 2016 TSR performance (50% of award opportunity)</p> <p>The awards for the first and second performance periods will be increased to reflect the performance over the entire three-year cycle, if greater. If the Company's actual TSR is negative during a performance period, the award earned for that period cannot exceed 100% of target (regardless of ranking within the peer group).</p> <p>Awards can be earned up to 150% of the target award opportunity based on the Company's TSR performance ranking within the comparator group (Visteon plus the 17 TSR peer companies)</p> <p>No award earned if Visteon is in the bottom 4 companies</p> <p>#5 rank, 35% of the target award is earned</p> <p>#10 rank, 100% of the target award is earned</p> <p>#15 or higher rank, 150% of the target award is earned</p> <p>Award payouts for performance between the rankings specified above is determined based on interpolation</p> <p>TSR is calculated using the 20-trading day average closing price at the start and end of the performance period, adjusted for dividends</p>
<i>Stock Options (25% of the total LTI award)</i>	Reward for appreciation in the Company's stock price	<p>Exercise price equal to the average of the high and low trading prices on the date of grant (\$84.67)</p> <p>Vest one-third per year beginning one year after the date of grant</p> <p>Seven-year term, upon which any unexercised options would expire</p>

*Restricted Stock Units (25%
of the total LTI award)*

Facilitate retention and
provide an
ownership-like stake

Vest one-third per year beginning one year after the date
of grant

Relative TSR Peer Group (17 companies)

Autoliv, Inc.	Delphi Automotive	Magna International, Inc.
BorgWarner Inc.	Denso	Meritor Inc.
Calsonic Kansai	Faurecia	Tenneco Inc.
Continental	Federal-Mogul Corp.	TRW Automotive Holdings Corp.
Cooper Standard	Johnson Controls Inc.	Valeo
Dana Holding Corporation	Lear Corporation	

Long-Term Incentive Grants Awarded in Late 2012 (Three-Year Award) to Cover 2013-2015

In support of the Company's business strategy and to ensure the executive officer team's potential awards are aligned to the achievement of specific levels of shareholder value creation, equity grants were made in the fourth quarter of 2012 in lieu of additional regular annual grants through 2015. Consistent with our focus on shareholder value creation, a majority of the award opportunity (75% of the grant date value) was provided through performance-based stock units and the remainder in time-based restricted stock units. The terms of the performance-based stock units and restricted stock units, which were made under the Visteon Corporation 2010 Incentive Plan, are substantially the same for all participating Named Executive Officers (excluding Mr. Thall, who was hired during 2013), and are intended to be in lieu of future potential awards under the Company's long-term incentive program for 2013, 2014, and 2015. The number of stock units awarded to the three participating NEOs in late 2012 is ment actually and reasonably incurred by him or her in connection with the action, suit, or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Subsection (2) of Section 78.7502 of the Nevada Revised Statutes empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth in subsection (1) enumerated above, against expenses (including amounts paid in settlement and attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation except that no indemnification may be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which such action or suit was brought determines that in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. 33 Subsection (3) of Section 78.7502 of the Nevada Revised Statutes provides that to the extent a director, officer, employee, or agent of a corporation has been successful in the defense of any action, suit, or proceeding referred to in subsections (1) and (2) or in the defense of any claim, issue, or matter therein, that person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith. Section 78.751 of the Nevada Revised Statutes provides that a corporation's charter or by-laws, or an agreement made by the corporation, may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the corporation. Section 78.751 also provides that indemnification and advancement of expenses authorized in or ordered by a court does not exclude any other rights to which the indemnified party may be entitled. Section 78.752 of the Nevada Revised Statutes empowers the corporation to purchase and maintain insurance on behalf of any person acting in any of the capacities set forth in Subsection (1) of Section 78.7502 against any liability asserted against that person and liability and expenses incurred by that person in any such capacity or arising out of the person's status as such whether or not the corporation would have the power to indemnify that person against such liability and expenses. Our By-laws have no specific provision for indemnification or limitation of liability for persons serving as our officers or directors. 34

PART F/S Page ---- Items 1 - 11 below relate to Pro-Pharmaceuticals, Inc., a Massachusetts corporation 1. Independent Auditors' Report dated February 16, 2001 with respect to the partial year ended December 31, 2000 F-1 2. Audited Balance Sheet as of December 31, 2000 F-2 3. Audited Statement of Operations for the period commencing July 10, 2000 (inception) to December 31, 2000 F-3 4. Audited Statement of Stockholders' Deficiency During the Development Stage for the period commencing July 10, 2000 (inception) to December 31, 2000 F-4 5. Audited Statement of Cash Flows for the period commencing July 10, 2000 (inception) to December 31, 2000 F-5 6. Notes Accompanying Financial Statements for the period commencing July 10, 2000 (inception) to December 31, 2000 F-7 7. Unaudited Balance Sheet as of March 31, 2001 F-10 8. Unaudited Statements of Operations for three months ended March 31, 2001 and the period from inception (July 10, 2000) through March 31, 2001 F-11 9. Unaudited Statement of Changes in Deficiency in Assets for period from inception (July 10, 2000) through March 31, 2001 F-12 10. Unaudited Statements of Cash Flows for three months ended March 31, 2001 and the period from inception (July 10, 2000) through March 31, 2001 F-13 11. Notes to (unaudited) Financial Statements for the periods ended March 31, 2001 F-14 Items 12 - 22 below relate to the registrant, Pro-Pharmaceuticals, Inc., a Nevada corporation formerly known as DTR Med-Pharma Corp. 12. Unaudited Balance Sheet as of March 31, 2001 F-19 13. Unaudited Statement of Operations for period from inception (January 26, 2001) through March 31, 2001 F-20 14. Unaudited Statement of Changes in Stockholders' Equity for period from inception (January 26, 2001) through March 31, 2001 F-21 15. Unaudited Statement of Cash Flows for period from inception (January 26, 2001) through March 31, 2001 F-22 16. Notes to (unaudited) Financial Statements for period from inception (January 26, 2001) through March 31, 2001 F-23 17. Report of Independent Auditors dated June 6, 2001 F-26 18. Audited Balance Sheet as of May 15, 2001 F-27 19. Audited Statement of Operations for period from inception (January 26, 2001) through May 15, 2001 F-28 20. Audited Statement of Changes in Stockholders' Equity for period from inception (January 26, 2001) through May 15, 2001 F-29 21. Audited Statement of Cash Flows for period from inception (January 26, 2001) through May 15, 2001 F-30 22. Notes to Financial Statements for period from inception (January 26, 2001) through May 15, 2001 F-31 Other items: 23. Pro Forma Financial Data (unaudited balance sheet) combining data for the registrant as of March 31, 2001, and Pro-Pharmaceuticals (Massachusetts) as of March 31, 2001 F-34 24. Pro Forma Financial Data (unaudited statement of operations) combining data for the registrant for period from inception (January 26, 2001) through March 31, 2001, and Pro-Pharmaceuticals (Massachusetts) for the three months ended March 31, 2001 F-36

36 INDEPENDENT AUDITORS' REPORT The Board of Directors Propharmaceutical, Inc. (A Development Stage Company) We have audited the accompanying balance sheet of Propharmaceutical, Inc. (A Development Stage Company) as of December 31, 2000, and the related statements of operations, stockholders' deficiency during the development stage, and cash flows for the period commencing July 10, 2000 (inception) to the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Propharmaceutical, Inc. at December 31, 2000 and the results of its operations and its cash flows for the period commencing July 10, 2000 to the year then ended, in conformity with generally accepted accounting principles. /s/ Braver and Company, P.C. February 16, 2001 Braver and Company, P.C Chestnut Hill, MA F-1

PROPHARMACEUTICAL, INC (A Development Stage Company) BALANCE SHEET DECEMBER 31, 2000
 Assets Current assets Cash \$ 204,745 ----- Total current assets 204,745 ----- Other assets Patent 8,695 Debt issuance costs 14,500 ----- Total other assets 23,195 ----- \$ 227,940 ===== Liabilities and equity Current liabilities Accounts payable 24,129 Accrued expenses 23,238 ----- Total current liabilities 47,367 ----- Convertible notes payable 284,500 ----- Total liabilities 331,867 ----- Stockholders' deficit accumulated during

the development stage (103,927) ----- \$ 227,940 ===== The accompanying notes are an integral part of this financial statement F-2 PROPHARMACEUTICAL, INC (A Development Stage Company) STATEMENT OF OPERATIONS FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 Revenues: \$ -- ----- Research and development expenses: Laboratory fees 9,000 Consulting fees 50,000 ----- Total 59,000 ----- General and administrative expenses: Accounting fees 7,500 Consulting fees 25,000 Legal fees 6,649 Office expenses 5,771 Telephone 4,300 Travel and entertainment 3,730 ----- Total 52,950 ----- Loss from operations (111,950) ----- Other income (expense) Interest income 261 Interest expense (1,238) ----- (977) ----- Net loss \$(112,927) ===== Loss per share Basic \$(1.25) ===== Average number of common shares outstanding Basic 90,000 ===== The accompanying notes are an integral part of this financial statement F-3 PROPHARMACEUTICAL, INC (A Development Stage Company) STATEMENT OF STOCKHOLDERS' DEFICIENCY DURING THE DEVELOPMENT STAGE FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 Common Stock Deficit accumulated Issued and outstanding Stock subscription during the development Stockholders' Shares Amount receivable stage Equity/deficiency ----- Balance, July 10, 2000 -- \$ -- \$ -- \$ -- issuance of common stock 100,000 10,000 (1,000) -- 9,000 Net loss -- -- -- (112,927) (112,927) ----- Balance, December 31, 2000 100,000 \$ 10,000 \$ (1,000) \$ (112,927) \$ (103,927) =====

===== Common stock, no par value, 200,000 shares authorized, 90,000 shares issued and outstanding The accompanying notes are an integral part of this financial statement F-4 PROPHARMACEUTICAL, INC (A Development Stage Company) STATEMENT OF CASH FLOWS FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 Increase (decrease) in cash Cash flows from operating activities: Interest received \$ 261 Cash paid for research and development expenses (59,000) Cash paid for general and administrative expenses (30,349) ----- Net cash used in operating activities (89,088) ----- Cash flows from investing activities: Patents costs (8,695) ----- Net cash used in investing activities (8,695) ----- Cash flows from financing activities: Issuance of common stock 9,000 Proceeds from convertible notes payable 284,500 Proceeds from shareholder advances 9,028 ----- Net cash provided by financing activities 302,528 ----- Increase in cash 204,745 Cash beginning of year -- ----- Cash end of year \$ 204,745 ===== F-5 Reconciliation of net loss to net cash used in operating activities Net loss \$(112,927) ----- Adjustments to reconcile net loss to net cash used in operating activities Debt issuance costs accrued (14,500) Increase in accounts payable 15,101 Increase in accrued expenses 23,238 ----- Total adjustments 23,839 ----- Net cash used in operating activities \$ (89,088)

===== SUPPLEMENTAL NON-CASH DISCLOSURES During the period commencing July 10, 2000 (inception) to December 31, 2000 the Company obtained debt issuance costs, totaling \$14,500, a long term asset, by incurring an accrued liability. The accompanying notes are an integral part of this financial statement. F-6 PROPHARMACEUTICAL, INC. (A Development Stage Company) NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 1. BUSINESS AND RESULTS OF OPERATIONS: Propharmaceutical, Inc. (The Company), a Massachusetts corporation, was established on July 10, 2000 to develop a group of new drugs for chemotherapy, targeting cancer cells and utilizing carbohydrate-specific recognition at the cancer cell surface to form patentable new drug formulations with improved efficacy and decreased toxicity. The Company is bringing together experts with contemporary knowledge in carbohydrate chemistry and biochemistry, to combine carbohydrates that bind to recognition sites on cancer cell membranes with proven therapeutic agents active against cancer tumors. The resulting new cancer therapeutics will improve drugs efficacy and reduce toxicity, and enable the development of a novel chemo-prevention product platform for large numbers of important but previously difficult drug targets in different cancer categories. The Company is in the development stage while it is focusing on research and raising capital. Principal risks to the Company include successful development and marketing to attain profitable operations, dependence on collaborative partners, the need to obtain adequate financing to fund future operations, United States Food and Drug Administrative approval and other regulatory agencies, clearance and regulation, dependence on key individuals and competitors. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: RESEARCH AND DEVELOPMENT COSTS: The Company charges research and development costs to operations as incurred. These costs consist primarily of consulting and testing. DEBT ISSUANCE COSTS: Cost of securing convertible notes payable are capitalized and amortized to expense over the terms of the notes, using the straight-line method. These

costs represent fees paid to obtain financing. A fee of 10% is charged for the amount of financing obtained under the existing agreement. INCOME TAXES: The Company accounts for its income taxes using Statement of Financial Accounting Standard (SFAS) No. 109, "Accounting for Income Taxes," which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss carryforwards. Deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax basis and existing assets and liabilities, using enacted tax rates in effect in the year(s) in which differences are expected to reverse. CASH: For the purpose of reporting cash flows, the Company includes all cash accounts not subject to withdrawal restrictions or penalties, as cash in the accompanying balance sheet. PATENT: The company incurred costs totaling \$8,695 for the period from inception (July 10, 2000) through December 31, 2000 related to the patent application. Upon the patent's approval, the Company will amortize the cost over the estimate useful life of the patent using the straight-line method. Any future costs associated with the patent will also be capitalized and subject to the same amortization policy. If the patent is not accepted the costs will be expensed in the respective period. USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. F-7 PROPHARMACEUTICAL, INC. (A Development Stage Company) NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 3. PROVISION FOR INCOME TAXES: For federal income tax purposes, the Company has approximately \$112,000 of net operating loss carryforwards at December 31, 2000. Deferred income taxes at December 31, 2000 represent income taxes at enacted statutory rates on cumulative temporary differences that result primarily from differences in the treatment of start up costs, amortization, and certain operating loss carryforwards as follows: Deferred Tax assets \$ 45,102 Valuation allowance (45,102) ----- \$ -- ===== The Company believes that some uncertainty exists with respect to realizations of the deferred tax assets and has established a valuation allowance for the entire amount of the deferred tax assets as of December 31, 2000. 4. CONVERTIBLE NOTES PAYABLE: Convertible notes payable consist of various notes from note holders ranging from \$2,500 to \$50,000 dated December of 2000. Interest is charged at 10% per annum. The notes including any unpaid interest are due two years after the original date of the notes. The Company is contemplating being acquired by a public shell company. As additional consideration, the note holders shall receive at the Company's sole discretion 1/2 of one share of the shell corporation's common stock for each whole dollar of the principal amount of the above notes post reverse merger. In the event a reverse merger with a shell corporation isn't completed by the time the notes are due the Company will issue the note holders shares in the Company on a basis of 1/2 share for each dollar loaned. It is agreed that at the time of the issuance of shares under these notes that the Company will issue shares totaling more than 10,000,000 shares. In the event that the number of shares issued and outstanding in the Company is less than 10,000,000 shares at the time these notes are due, the number of shares issued will be adjusted so that the note holders receive such percentage of the Company as would have been the case had 10,000,000 shares been issued and outstanding. No fractional shares will be issued. Any fractional shares shall be rounded-down to the nearest whole share. Notwithstanding, the Company agrees to issue to the note holders the shares that make up additional compensation as the earliest of the completion of a merger with a shell corporation, filing a registration with the SEC, or the maturity of the notes. 5. RELATED PARTY TRANSACTIONS: The existing shareholders of the Company's common stock were paid \$25,000 and \$12,500 respectively for fees associated with the management of the day by day operations of the Company as well as compilation of chemistry data, planning experiments and for strategic planning. Included in convertible notes payable is \$7,000 due to the spouse of a shareholder of the Company. Included in accounts payable is \$22,417 due to shareholders of the company for various operating expenses incurred and advances received. F-8 PROPHARMACEUTICAL, INC. (A Development Stage Company) NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000 6. CONTINGENCY: SafeScience, Inc. ("SafeScience"), a prior employer of David Platt, Ph.D., who founded the Company, issued a demand letter dated February 15, 2001 (the "Demand Letter") alleging that Dr. Platt directly, and indirectly through his activity the Company, is engaged in business competitive with SafeScience in violation of a non-competition covenant binding on Dr. Platt. Dr. Platt by his counsel responded in a letter dated February 19, 2001 denying such violation and inviting a meeting to discuss the allegations. An evaluation cannot be

made at this time of the likelihood of a favorable or unfavorable outcome, nor can any estimate be made as to the amount or range, if any, of potential loss. The company intends to contest vigorously all the allegations stated in the Demand Letter.

7. CONCENTRATION OF CREDIT RISK: Financial instruments which potentially subject the Company to concentration of credit risk consists primarily of temporary cash investments. The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2000, the Company's uninsured cash balances total \$104,745.

F-9 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) BALANCE SHEET March 31, 2001 (Unaudited) ASSETS CURRENT ASSETS Cash and cash equivalents \$ 840,938 ----- OTHER ASSETS Patent 8,695 Debt issuance costs, net of amortization of \$4,083 31,917 ----- Total other assets 40,612 ----- \$ 881,550 ===== LIABILITIES AND DEFICIENCY IN ASSETS CURRENT LIABILITIES Accrued expenses \$ 104,858 Due to stockholder 10,028 ----- Total current liabilities 114,886 CONVERTIBLE NOTES PAYABLE 1,099,102 ----- Total liabilities 1,213,988 ----- DEFICIENCY IN ASSETS Common stock, no par value, 200,000 shares authorized, 100,000 shares issued and outstanding 10,000 Deficit accumulated during development stage (342,438) ----- (332,438) \$ 881,550 ===== See notes to financial statements.

F-10 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) STATEMENTS OF OPERATIONS (Unaudited) Period from Inception Three months (July 10, 2000) ended through March 31, March 31, 2001 2001 ----- REVENUE \$ -- \$ -- ----- RESEARCH AND DEVELOPMENT Consulting fees 58,299 108,299 Laboratory fees 16,100 25,100 ----- 74,399 133,399 ----- GENERAL AND ADMINISTRATIVE Legal fees 39,864 46,513 Consulting fees 64,962 89,962 Office expenses 26,291 32,062 Contributions 5,000 5,000 Accounting fees 8,000 15,500 Amortization 4,083 4,083 Telephone and utilities 2,606 6,906 Travel and entertainment 666 4,396 ----- 151,472 204,422 ----- Loss from operations (225,871) (337,821) ----- OTHER INCOME (EXPENSE) Interest income 7,579 7,840 Interest expense (11,219) (12,457) ----- (3,640) (4,617) ----- NET LOSS \$(229,511) \$(342,438) ===== LOSS PER SHARE Basic \$ (2.30) \$ (3.42) ===== AVERAGE NUMBER OF COMMON SHARES OUTSTANDING Basic 100,000 100,000 ===== See notes to financial statements.

F-11 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) STATEMENT OF CHANGES IN DEFICIENCY IN ASSETS Period from Inception (July 10, 2000) through March 31, 2001 (Unaudited) Deficit Accumulated Common Stock Stock During ----- Subscription Development Shares Amount Receivable Stage Total ----- Issuance of Common Stock of Pro-Pharmaceuticals, Inc. 100,000 \$10,000 \$(1,000) \$ -- \$ 9,000 Net loss -- -- -- (112,927) (112,927) ----- Balance at December 31, 2000 100,000 10,000 (1,000) (112,927) (103,927) Receipt of Stock Subscription Receivable 1,000 1,000 Net loss -- -- -- (229,511) (229,511) ----- Balance at March 31, 2001 100,000 \$10,000 \$ -- \$(342,438) \$(332,438) ===== See notes to financial statements.

F-12 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) STATEMENTS OF CASH FLOWS (Unaudited) Period from Inception Three months (July 10, 2000) ended through March 31, March 31, 2001 2001 ----- CASH FLOWS FROM OPERATING ACTIVITIES Net loss \$(229,511) \$ (342,438) Adjustments to reconcile net loss to net cash used in operating activities: Amortization 4,083 4,083 Changes in assets and liabilities: Accounts payable (15,101) -- Accrued expenses 60,120 68,858 ----- Net cash used in operating activities (180,409) (269,497) ----- CASH FLOWS FROM INVESTING ACTIVITIES Patent costs -- (8,695) ----- Net cash used in investing activities -- (8,695) ----- CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issuance of common stock 2,000 11,000 Proceeds from convertible notes payable 814,602 1,099,102 Increase in due to stockholder -- 9,028 ----- Net cash provided by financing activities 816,602 1,119,130 ----- NET INCREASE IN CASH 636,193 840,938 CASH AND CASH EQUIVALENTS, Beginning 204,745 -- ----- CASH AND CASH EQUIVALENTS, End \$ 840,938 \$ 840,938 =====

SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS Interest \$ -- \$ -- ----- Taxes \$ -- \$ -- ===== SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES During the period from inception (July 10, 2000) through March 31, 2001 the Company capitalized debt issuance costs totaling \$35,000, a long-term asset, by incurring an accrued liability of the same amount. See notes to financial statements.

F-13 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) NOTES TO FINANCIAL STATEMENTS (Unaudited) NOTE 1 -- OPERATIONS AND SIGNIFICANT

ACCOUNTING POLICIES Nature of Operations Pro-Pharmaceuticals, Inc. (the "Company"), was established on July 10, 2000 to identify, develop and seek regulatory approval of technology that will reduce toxicity and improve the efficacy of currently existing chemotherapy drugs by combining the drugs with a number of specific carbohydrate compounds. The carbohydrate-based drug delivery system may also have applications for drugs now used to treat other diseases and chronic health conditions. The Company is in the development stage while it is focusing on research and raising capital. Its product candidates are still in research and development, with none yet in clinical trials. Principal risks to the Company include uncertainty of product development and generation of revenues; dependence on outside sources of capital; risks associated with clinical trials of products; dependence on third-party collaborators for research operations; lack of experience in clinical trials; need for regulatory approval of products; risks associated with protection of intellectual property; and competition with larger, better-capitalized companies.

Significant Accounting Policies Cash and Cash Equivalents -- For the purposes of reporting cash flows, the Company includes all cash accounts that are not subject to withdrawal restrictions or penalties, as cash and cash equivalents in the accompanying balance sheet. The Company has cash accounts that exceed \$100,000 at a single financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per depositor. The portion of the deposit in excess of \$100,000 is not subject to such insurance and represents a credit risk to the Company. At March 31, 2001, \$749,278 was uninsured. Research and Development Costs -- The Company charges research and development costs to operations as incurred. Debt Issuance Costs -- The Company's issuance costs with respect to its outstanding convertible notes payable are capitalized and amortized over the terms of the related notes, using the straight-line method. These costs comprise a financing fee of 10 percent of the principal amount of such notes, payable upon issuance of the notes. Income Taxes -- The Company accounts for income taxes under the asset and liability method. Deferred income taxes and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to reverse.

F-14 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) NOTES TO FINANCIAL STATEMENTS (Unaudited) Patent - The Company incurred costs totaling \$8,695 for the period from inception (July 10, 2000) through March 31, 2001 related to the patent application. Upon the patent's approval the Company will amortize the cost over the estimated useful life of the patent using the straight-line method. Any future costs associated with the patent will also be capitalized and subject to the same amortization policy. If the patent is not accepted the costs will be expensed in the respective period. Use of Estimates in Financial Statements -- Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates that were used.

NOTE 2 -- CONVERTIBLE NOTES PAYABLE Convertible notes issued by the Company as of March 31, 2001 range in original principal amount from \$3,334 to \$100,000 and accrue interest at 10% per annum. The notes are due one year after issue (which may be extended one year by the Company) ranging from August 2001 through March 2002 (unless extended). The note contains provisions in the event that the Company is acquired by or merged with a non-operating public company. At any time up to maturity the holder may, at its option, convert the principal and interest into common stock of the Company. If the conversion is made prior to maturity, the holder will receive that number of shares of the common stock of the Company as calculated by dividing the converted amount by 75% of the offering price per share of the Company's most recent equity offering, subject to a maximum conversion price of \$2.00. If the notes are converted at the maturity date, the conversion price is \$.50 per share. If at the time of conversion the Company does not have at least 10,000,000 shares outstanding, the conversion price will be adjusted such that the holder receives such number of shares as would result if 10,000,000 shares were outstanding. As additional consideration if the maturity date is extended, the note holders receive one-quarter of a share of the Company's common stock for each dollar of principal amount loaned and, if the Company does not then have at least 10,000,000 shares outstanding, or an acquisition by or merger with a public company has not then occurred, the number of shares issued as additional consideration will be adjusted such that the holder receives such number of shares as would result if 10,000,000 shares were outstanding.

F-15 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) NOTES TO FINANCIAL STATEMENTS (Unaudited) As additional consideration in the event of an acquisition or merger of the Company by or with a non-operating public company, the note holders receive one half of a share of the acquiring company's common stock for each dollar of principal amount loaned. If the acquisition has not occurred by the maturity date of the notes, the holders receive one-half of a share of

the company for each dollar of principal amount loaned. If the Company does not have at least 10,000,000 shares outstanding as of the maturity date of the notes, the holders will receive such percentage of the Company's common stock as they would have received had 10,000,000 shares been outstanding. The shares for additional consideration are to be issued upon the earliest of completion of such acquisition or merger; filing of a registration statement for the common stock of the Company (or the acquiring company, as the case may be) with the Securities and Exchange Commission; or the maturity date of the notes. NOTE 3 -- RELATED PARTY TRANSACTIONS Consulting Fees For the three months ended March 31, 2001 and the period from inception (July 10, 2000) through March 31, 2001, the Company paid its stockholders \$67,550 and \$105,050, respectively, for fees associated with the management of the day by day operations of the Company as well as research and development of chemistry data, planning experiments and strategic planning. Convertible Notes Payable Included in convertible notes payable is \$7,000 due to a stockholder's spouse. Due to Stockholder As of March 31, 2001, the Company owes \$9,028 to a stockholder of the Company. The loan is unsecured and without repayment terms, but is expected to be paid by December 31, 2001.

NOTE 4 -- INCOME TAXES Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax asset and liability as of March 31, 2001 are as follows: F-16 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) NOTES TO FINANCIAL STATEMENTS (Unaudited) Current Long-Term Asset Liability ----- Net operating loss carryforward \$ 137,000 \$ -- Valuation allowance (137,000) -- ----- Asset (liability) \$ -- \$ -- -----

The valuation allowance at March 31, 2001 relates primarily to tax assets associated with net operating losses. Management's assessment is that the nature of future taxable income may not allow the Company to realize certain tax benefits of net operating losses within the prescribed carryforward period. Accordingly, an appropriate valuation allowance has been made The provision for income taxes consisted of the following components: Period from Inception Three months (July 10, 2000) ended through March 31, March 31, 2001 2001 -----

Currently payable \$ -- \$ -- Deferred income tax benefit 91,898 137,000 Change in valuation allowance (91,898) (137,000) ----- \$ -- \$ -- ----- At March 31, 2001, the Company has approximately \$345,000 of available net operating loss carryforwards for income tax purposes, which will expire through 2020 for federal and state income tax purposes. F-17 PRO-PHARMACEUTICALS, INC. (A Company in the Development Stage) NOTES TO FINANCIAL STATEMENTS (Unaudited) NOTE 5 -- CONTINGENCY SafeScience, Inc. (SafeScience), a prior employer of David Platt, Ph.D., founder of the Company, issued a demand letter dated February 15, 2001 alleging that Dr. Platt directly and indirectly, through his activity in the Company, is engaged in the business competitive with SafeScience and is in violation of a non-competition covenant binding on Dr. Platt. Dr. Platt, by his counsel, responded in a letter dated February 19, 2001 denying such violation and inviting a meeting to discuss the allegations. No determination has been made of the likelihood of a favorable or unfavorable outcome, nor has any estimate been made as to the amount or range, if any, of potential loss. The Company intends to contest the allegations vigorously.

NOTE 6 -- SUBSEQUENT EVENT During May 2001, Pro-Pharmaceuticals, Inc. (formerly DTR Med Pharma) ("Pro-Pharmaceuticals NV"), a Nevada corporation, issued 12,354,670 shares to the stockholders of the Company in exchange for all of the outstanding shares of common stock of the Company, diluting Pro-Pharmaceuticals NV's prior stockholders' percentage to approximately 9 percent. Following the exchange, the Company will be merged into Pro-Pharmaceuticals NV. After this merger, Pro-Pharmaceuticals NV will be the surviving corporation and assume all assets and liabilities of both corporations. The Company has raised approximately \$1,200,000 in a private placement of convertible debt. Currently, the Company is undertaking a private placement of common stock and common stock purchase warrants and filing a registration statement on Form 10-SB to make the Company a reporting entity under the Securities Exchange Act of 1934. For accounting purposes, the Company will be treated as the continuing reporting entity in the form of a reverse acquisition. F-18 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) BALANCE SHEET March 31, 2001 (Unaudited) ASSETS OTHER ASSETS Contractual rights \$ -- ----- \$ -- ===== LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Accrued expenses \$ 50,000 ----- Total current liabilities 50,000 ----- STOCKHOLDERS' EQUITY Common stock Voting shares, \$0.001 par value, 100,000,000 shares authorized, 1,221,890 shares issued and outstanding 1,222 Undesignated shares, \$0.01 par value, 5,000,000 shares authorized -- Stock Subscription Receivable (1,222) Deficit accumulated (50,000) ----- (50,000) \$ -- ===== See notes to financial statements. F-19 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) STATEMENT OF OPERATIONS Period from inception (January 26, 2001)

through March 31, 2001 (Unaudited) REVENUE \$ -- ----- GENERAL AND ADMINISTRATIVE Legal fees 30,000 Consulting fees 10,000 Accounting fees 5,000 Other expenses 5,000 ----- 50,000 NET LOSS \$ (50,000)
 ===== EARNINGS PER SHARE Basic \$ (0.04) ===== AVERAGE NUMBER OF COMMON
 SHARES OUTSTANDING Basic 1,221,890 ===== See notes to financial statements. F-20
 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) STATEMENT OF CHANGES IN
 STOCKHOLDERS' EQUITY Period from inception (January 26, 2001) through March 31, 2001 (Unaudited)
 Common Stock ----- Voting Shares Undesignated Shares Stock -----
 ----- Subscription Retained Shares Amount Shares Amount Receivable Earnings Total -----
 ----- Issuance of Common Stock of DTR-Med Pharma Corp. 1,221,890 \$1,222 -- \$ --
 \$(1,222) \$ -- \$ -- Net loss -- -- -- -- (50,000) (50,000) ----- Balance at March
 31, 2001 1,221,890 \$1,222 -- \$ -- \$(1,222) \$(50,000) \$(50,000) =====
 ===== See notes to financial statements. F-21 PRO-PHARMACEUTICALS, INC. (formerly
 DTR-Med Pharma Corp.) STATEMENT OF CASH FLOWS Period from inception (January 26, 2001) through
 March 31, 2001 (Unaudited) CASH FLOWS FROM OPERATING ACTIVITIES Net loss \$(50,000) Adjustments to
 reconcile net loss to net cash used in operating activities: Amortization -- Changes in assets and liabilities: Accrued
 expenses 50,000 ----- Net cash used in operating activities -- ----- NET INCREASE IN CASH -- CASH AND
 CASH EQUIVALENTS, Beginning -- ----- CASH AND CASH EQUIVALENTS, End \$ -- =====
 SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS Interest \$ -- ===== Taxes \$ -- ===== See
 notes to financial statements. F-22 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) NOTES
 TO FINANCIAL STATEMENTS (Unaudited) NOTE 1 -- OPERATIONS AND SIGNIFICANT ACCOUNTING
 POLICIES Formation On January 26, 2001, Developed Technology Resource, Inc. (DTR) formed DTR-Med Pharma
 Corp. (the Company), a Nevada corporation, for the sole purpose of entering into a business combination with
 Pro-Pharmaceuticals, Inc, a Massachusetts corporation, a development stage biotechnology company. Subsequent to
 March 31, 2001 the Company's name was changed to Pro-Pharmaceuticals, Inc. Significant Accounting Policies
 Income Taxes -- The Company accounts for income taxes under the asset and liability method. Deferred income taxes
 and liabilities are determined based on the difference between the financial statement and tax bases of assets and
 liabilities using enacted tax rates for the period in which the differences are expected to reverse. Use of Estimates in
 Financial Statements -- Management uses estimates and assumptions in preparing these financial statements in
 accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported
 amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and
 expenses. Actual results could vary from the estimates that were used. NOTE 2 -- SUBSEQUENT EVENTS Stock
 Exchange and Merger On May 15, 2001, 1,221,890 shares of the Company's stock were distributed by DTR to its
 stockholders. Subsequent to the distribution, the Company issued an additional 12,354,670 shares to the stockholders
 of Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) in exchange for all of the outstanding shares of common
 stock of that corporation, diluting the Company's prior stockholders' percentage to approximately 9 percent. Following
 the exchange, Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) will be merged into the Company. After this
 merger, the Company will be the surviving corporation and assume all assets and liabilities of both corporations.
 Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) has raised approximately \$1,200,000 in a private placement
 of convertible debt. Currently, Pro-Pharmaceuticals, Inc. is undertaking a private placement of common stock and
 common stock purchase warrants and filing a registration statement on Form 10-SB to make the Company a reporting
 entity under the Securities Exchange Act of 1934. F-23 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med
 Pharma Corp.) NOTES TO FINANCIAL STATEMENTS (Unaudited) For accounting purposes, the previous
 Pro-Pharmaceuticals, Inc. (Massachusetts) will be treated as the continuing reporting entity in the form of a reverse
 acquisition. Contractual Rights On April 23, 2001, DTR contributed certain contractual rights (see below) for equity.
 DTR owned a fifty percent interest in Medical Biophysics International, a partnership, (MBI) which owned certain
 rights regarding technologies and patents. MBI assigned these rights to Artann Corporation d/b/a Artann Laboratories.
 That corporation then assigned those rights to ArMed LLC. In consideration for the assignment of these rights DTR
 was to receive certain payments relating to royalties or production of the MBI technology. DTR assigned these rights
 to the Company on April 23, 2001. The Company recorded the contractual rights received from DTR at DTR's
 carrying cost, which was \$1,222 at the time of the assignment; this is due to the fact that the entities were under
 common control. NOTE 3 -- INCOME TAXES Deferred income taxes reflect the net tax effects of temporary

differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets and liabilities as of March 31, 2001 are as follows: Current Long-Term Asset Liability ----- Net operating loss carryforward \$ 20,000 \$ -- Valuation allowance (20,000) -- ----- Asset (liability) \$ -- \$ -- ----- The valuation allowance at March 31, 2001 relates primarily to tax assets associated with net operating losses. Management's assessment is that the nature of future taxable income may not allow the Company to realize the tax benefits of net operating losses within the prescribed carry forward period. Accordingly, an appropriate valuation allowance has been made. F-24 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) NOTES TO FINANCIAL STATEMENTS (Unaudited) The provision for income taxes consisted of the following components for the period from inception (January 26, 2001) through March 31, 2001: Currently payable \$ -- Deferred income tax benefit 20,000 Change in valuation allowance (20,000) ----- \$ -- ----- At March 31, 2001, the Company has approximately \$50,000 of available net operating loss carryforwards for income tax purposes, which will expire through 2020 for federal and state income tax purposes. F-25 REPORT OF INDEPENDENT AUDITORS To the Stockholders Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) Reno, Nevada We have audited the accompanying balance sheet of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) as of May 15, 2001 and the related statements of operations, changes in stockholders' equity and cash flows for the period from inception (January 26, 2001) through May 15, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) at May 15, 2001, and the results of its operations and cash flows for the period from inception (January 26, 2001) through May 15, 2001, in conformity with accounting principles generally accepted in the United States of America. SIMIONE SCILLIA LARROW & DOWLING LLC Hartford, Connecticut June 6, 2001 F-26 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) BALANCE SHEET May 15, 2001 ASSETS OTHER ASSETS Contractual rights \$ 1,222 ----- \$ 1,222 ===== LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Accrued expenses \$ 75,000 ----- Total current liabilities 75,000 ----- STOCKHOLDERS' EQUITY Common stock Voting shares, \$0.001 par value, 100,000,000 shares authorized, 1,221,890 shares issued and outstanding 1,222 Undesignated shares, \$0.01 par value, 5,000,000 shares authorized -- Deficit accumulated (75,000) ----- (73,778) ----- \$ 1,222 ===== See notes to financial statements. F-27 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) STATEMENT OF OPERATIONS Period from inception (January 26, 2001) through May 15, 2001 REVENUE \$ -- ----- GENERAL AND ADMINISTRATIVE Legal fees 40,000 Consulting fees 15,000 Accounting fees 10,000 Other expenses 10,000 ----- 75,000 NET LOSS \$ (75,000) ===== EARNINGS PER SHARE Basic \$ (0.06) ===== AVERAGE NUMBER OF COMMON SHARES OUTSTANDING Basic 1,221,890 ===== See notes to financial statements. F-28 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY Period from inception (January 26, 2001) through May 15, 2001 Common Stock ----- Voting Shares Undesignated Shares ----- ----- Retained Shares Amount Shares Amount Earnings Total ----- ----- Issuance of Common Stock of DTR-Med Pharma Corp. 1,221,890 \$1,222 -- \$ -- \$ -- \$ 1,222 Net loss -- -- -- (75,000) (75,000) ----- ----- Balance at May 15, 2001 1,221,890 \$1,222 -- \$ -- \$(75,000) \$(73,778) ===== ===== See notes to financial statements. F-29 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) STATEMENT OF CASH FLOWS Period from inception (January 26, 2001) through May 15, 2001 CASH FLOWS FROM OPERATING ACTIVITIES Net loss \$(75,000) Adjustments to reconcile net loss to net cash used in operating activities: Amortization -- Changes in assets and liabilities: Accrued expenses 75,000 ----- Net cash used in operating activities -- ----- NET INCREASE IN CASH -- CASH AND CASH EQUIVALENTS, Beginning -- ----- CASH

AND CASH EQUIVALENTS, End \$ -- ===== SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS
Interest \$ -- ===== Taxes \$ -- ===== SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING
AND FINANCING ACTIVITIES During the year, the Company received certain contractual rights of Developed
Technology Resource, Inc., valued at \$1,222, in exchange for shares of the common stock of the Company. See notes
to financial statements. F-30 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) NOTES TO
FINANCIAL STATEMENTS NOTE 1 -- OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
Formation On January 26, 2001, Developed Technology Resource, Inc. (DTR) formed DTR-Med Pharma Corp. (the
Company), a Nevada corporation, for the sole purpose of entering into a business combination with
Pro-Pharmaceuticals, Inc, a Massachusetts corporation, a development stage biotechnology company. On April 23,
2001, DTR, the Company's parent, contributed certain contractual rights (see below) for equity. On May 10, 2001 the
Company's name was changed to Pro-Pharmaceuticals, Inc. Significant Accounting Policies Contractual Rights --
DTR owned a fifty percent interest in Medical Biophysics International, a partnership, (MBI) which owned certain
rights regarding technologies and patents. MBI assigned these rights to Artann Corporation d/b/a Artann Laboratories.
That corporation then assigned those rights to ArMed LLC. In consideration for the assignment of these rights DTR
was to receive certain payments relating to royalties or production of the MBI technology. DTR assigned these rights
to the Company on April 23, 2001. The Company recorded the contractual rights received from DTR at DTR's
carrying cost, which was \$1,222 at the time of the assignment; this is due to the fact that the entities were under
common control. Income Taxes -- The Company accounts for income taxes under the asset and liability method.
Deferred income taxes and liabilities are determined based on the difference between the financial statement and tax
bases of assets and liabilities using enacted tax rates for the period in which the differences are expected to reverse.
Use of Estimates in Financial Statements -- Management uses estimates and assumptions in preparing these financial
statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the
reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues
and expenses. Actual results could vary from the estimates that were used. F-31 PRO-PHARMACEUTICALS, INC.
(formerly DTR-Med Pharma Corp.) NOTES TO FINANCIAL STATEMENTS NOTE 2 -- SUBSEQUENT EVENTS
Stock Exchange and Merger On May 15, 2001, 1,221,890 shares of the Company's stock were distributed by DTR to
its stockholders. Subsequent to the distribution, the Company issued an additional 12,354,670 shares to the
stockholders of Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) in exchange for all of the outstanding shares
of common stock of that corporation, diluting the Company's prior stockholders' percentage to approximately 9
percent. Following the exchange, Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) will be merged into the
Company. After this merger, the Company will be the surviving corporation and assume all assets and liabilities of
both corporations. Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) has raised approximately \$1,200,000 in a
private placement of convertible debt. Currently, Pro-Pharmaceuticals, Inc. is undertaking a private placement of
common stock and common stock purchase warrants and filing a registration statement on Form 10-SB to make the
Company a reporting entity under the Securities Exchange Act of 1934. For accounting purposes, the previous
Pro-Pharmaceuticals, Inc. (Massachusetts) will be treated as the continuing reporting entity in the form of a reverse
acquisition. NOTE 3 -- INCOME TAXES Deferred income taxes reflect the net tax effects of temporary differences
between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for
income tax purposes. Significant components of the Company's deferred income tax assets and liabilities as of May
15, 2001 are as follows: Current Long-Term Asset Liability ----- Net operating loss carryforward \$ 30,000
\$ -- Valuation allowance (30,000) -- ----- Asset (liability) \$ -- \$ -- ===== The valuation
allowance at May 15, 2001 relates primarily to tax assets associated with net operating losses. Management's
assessment is that the nature of future taxable income may not allow the Company to realize the tax benefits of net
operating losses within the prescribed carry forward period. Accordingly, an appropriate valuation allowance has been
made. F-32 PRO-PHARMACEUTICALS, INC. (formerly DTR-Med Pharma Corp.) NOTES TO FINANCIAL
STATEMENTS The provision for income taxes consisted of the following components for the period from inception
(January 26, 2001) through May 15, 2001: Currently payable \$ -- Deferred income tax benefit 30,000 Change in
valuation allowance (30,000) ----- \$ -- ===== At May 15, 2001, the Company has approximately \$75,000 of
available net operating loss carryforwards for income tax purposes, which will expire through 2020 for federal and
state income tax purposes. F-33 PRO FORMA FINANCIAL DATA The following unaudited pro forma balance sheet
has been derived from the unaudited balance sheet of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.)

(the "Company") at March 31, 2001 and the unaudited balance sheet of Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) (Pro-Pharmaceuticals MA) at March 31, 2001, and gives the effect of the exchange of newly issued stock by the Company for all outstanding shares of Pro-Pharmaceuticals MA as if the transaction occurred on March 31, 2001. The transaction has been accounted for as a reverse acquisition where Pro-Pharmaceuticals MA is the acquirer with purchase accounting being applied for the business combination. The original stockholders of Pro-Pharmaceuticals MA received 91 percent of the stock of the Company. The pro forma balance sheet is presented for informational purposes only and does not purport to be indicative of the financial condition that actually would have resulted if the transaction had been consummated at March 31, 2001. The pro forma balance sheet should be read in conjunction with the notes thereto and the Company's financial statements and related notes thereto contained elsewhere in this registration statement. Pro- Pharmaceuticals, Pro- Inc. (formerly Pharmaceuticals DTR-Med MA Pharma Corp.) Pro Forma March 31, 2001 March 31, 2001 Adjustments Pro Forma -----

-----	CURRENT ASSETS	\$ 840,938	\$ --	\$ --	\$ 840,938	INVESTMENT IN SUBSIDIARY	--	--	107,000(b)
(107,000)(d)	OTHER ASSETS	40,612	--	1,222(a)	105,778(c)	147,612	-----	-----	TOTAL ASSETS
		\$ 881,550	\$ --	\$ 107,000	\$ 988,550	=====	=====	=====	CURRENT LIABILITIES
		\$ 114,886	\$ 50,000	\$ --	\$ 164,886	LONG-TERM LIABILITIES	1,099,102	--	1,099,102
-----	TOTAL LIABILITIES	1,213,988	50,000	--	1,263,988	-----	-----	-----	STOCKHOLDERS' EQUITY
	Common stock	10,000	1,222	(10,000)(d)	12,355(b)	13,577	Additional paid-in capital	--	(97,000)(d)
		105,778(c)	94,645(b)	103,423	Stock subscription receivable	(1,222)	1,222(a)	--	Retained earnings
		(342,438)	(50,000)	--	(392,438)	-----	-----	-----	Total Stockholders' Equity
		107,000	(275,438)	-----	-----	-----	-----	-----	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY
		\$ 881,550	\$ --	\$ 107,000	\$ 988,550	=====	=====	=====	F-34 Footnotes

(a) To record the receipt of Contractual Rights from Developed Technology Resources. (b) To record the issuance of the additional shares issued by the Company to the stockholders of Pro-Pharmaceuticals MA as a result of the reverse acquisition reported under purchase accounting. (c) To record the appropriate step-up basis to the contractual property due to purchase accounting. (d) To eliminate the investment in subsidiary. F-35 PRO FORMA FINANCIAL DATA

The following unaudited pro forma statement of operations has been derived from the unaudited statement of operations of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) (the "Company") for the period from inception (January 26, 2001) through March 31, 2001 and the unaudited statement of operations for Pro-Pharmaceutiacals, Inc. (a Massachusetts corporation) ("Pro-Pharmaceuticals MA") for the three months ended March 31, 2001, and gives the effect of the exchange of newly issued stock by the Company for all outstanding shares of Pro-Pharmaceuticals MA as if the transaction occurred as of the beginning of the period. The original stockholders of Pro-Pharmaceuticals MA received 91 percent of the stock of the Company. The pro forma statement of operations is presented for informational purposes only and does not purport to be indicative of the results of operations that actually would have resulted if the transaction had been consummated at January 1, 2001. The pro forma statement of operations should be read in conjunction with the Company's financial statements and related notes thereto contained elsewhere in this registration statement. The transaction has been accounted for as a reverse acquisition where Pro-Pharmaceuticals MA is the acquirer with purchase accounting being applied for the business combination. Pro-Pharmaceuticals, Inc. (formerly Pro- DTR-Med Pharmaceuticals Pharma Corp.) MA from inception For the Three (January 26, 2001) Months Ended through Pro Forma March 31, 2001 March 31, 2001 Adjustments Pro Forma -----

-----	REVENUES	\$ --	\$ --	\$ --	\$ --	RESEARCH AND DEVELOPMENT EXPENSES	74,399	--	74,399
						GENERAL AND ADMINISTRATIVE EXPENSES	151,472	50,000	201,472
-----	OPERATING LOSS	(225,871)	(50,000)	--	(275,871)	OTHER EXPENSES	(3,640)	--	(3,640)
						LOSS BEFORE PROVISION FOR INCOME TAXES	(229,511)	(50,000)	(279,511)
						INCOME TAX EXPENSE	--	--	--
						NET LOSS	\$(229,511)	\$(50,000)	\$(279,511)
						LOSS PER SHARE	Basic and fully diluted	\$(2.30)	\$(0.04)
									\$(0.02)
=====	WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	Basic and fully diluted	100,000	1,221,890	12,354,670*	13,576,560	=====	=====	=====

* As a result of the stock exchange transaction between the Company and Pro-Pharmaceuticals MA, where the stockholders of Pro-Pharmaceuticals MA received approximately 91 percent of the Company's common stock, in exchange for all of the outstanding stock of Pro-Pharmaceuticals MA, the ending common stock totaled 13,576,560 shares issued and

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outstanding as of the date of the merger. F-36 PART III Item 1. Index to Exhibits Exhibit Number Description of Document ----- 3.1 Articles of Incorporation of the Registrant, dated January 26, 2001* 3.2 By-laws of the Registrant* 10.1 Assignment and Assumption Agreement, dated April 23, 2001, by and between Developed Technology Resource, Inc. and DTR-Med Pharma Corp.* 10.2 Stock Exchange Agreement, dated April 25, 2001, by and among Developed Technology Resource, Inc., DTR-Med Pharma Corp., Pro-Pharmaceuticals, Inc. (Massachusetts) and the Shareholders (as defined therein)* * Incorporated by reference to the Registrant's Registration Statement on Form 10-SB, as filed with the Commission on June 13, 2001 37 Item 2. Description of Exhibits Text of Exhibits included in filing. 38 SIGNATURE Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized. PRO-PHARMACEUTICALS, INC. Registrant By: /s/ David Platt ----- Name: David Platt Title: President Dated: July 25, 2001 39 Exhibit Number Description of Document ----- 3.1 Articles of Incorporation of the Registrant, dated January 26, 2001* 3.2 By-laws of the Registrant* 10.1 Assignment and Assumption Agreement, dated April 23, 2001, by and between Developed Technology Resource, Inc. and DTR-Med Pharma Corp.* 10.2 Stock Exchange Agreement, dated April 25, 2001, by and among Developed Technology Resource, Inc., DTR-Med Pharma Corp., Pro-Pharmaceuticals, Inc. (Massachusetts) and the Shareholders (as defined therein)* * Incorporated by reference to the Registrant's Registration Statement on Form 10-SB, as filed with the Commission on June 13, 2001 40