

Employment Agreements

On November 2, 2003, we entered into an employment agreement with Mr. Noglows to become our Chairman, President and Chief Executive Officer. Pursuant to this employment agreement, among other terms, we agreed to pay Mr. Noglows an annual base salary of \$450,000 and a cash bonus for fiscal year 2004 that would not be less than \$160,000, following the end of fiscal year 2004. Mr. Noglows' agreement provides that following the close of each fiscal year, beginning with the end of fiscal year 2004, the compensation committee of the board of directors will meet to consider an increase in Mr. Noglows' annual base salary in accordance with its normal practices, and the compensation committee has done so, as described in more detail above: for 2008, the compensation committee set Mr. Noglows' base salary at \$545,000; as described above, for 2009 Mr. Noglows declined any increase to his base salary and instead it remained at \$545,000, despite the fact that the compensation committee had approved an increase of 3% to his base salary; for 2010, the compensation committee set his salary at \$559,000; and for 2011, the compensation committee has retained his salary at \$559,000 with no increase. The employment agreement also provided the grant of an option to purchase 250,000 shares of our common stock with an exercise price of \$55.37, vesting in four equal annual installments on each subsequent anniversary of November 3, 2003, his first date of employment, and an expiration of November 3, 2013. We also agreed to provide Mr. Noglows with certain relocation and other reimbursements and to allow Mr. Noglows to utilize first-class air travel while he is employed by us.

On November 13, 2003, we entered into an employment agreement with Dr. Spiro to become our Vice President, Research & Development. Pursuant to this agreement, among other terms, we agreed to pay Dr. Spiro an annual base salary of \$225,000. Dr. Spiro's agreement states that annual reviews by the compensation committee of the board of directors with respect to any future salary adjustments are usually held in the quarter following the close of our fiscal year: for 2008, the compensation committee set his salary at \$299,000; for 2009, the compensation committee set his salary at \$304,900; for 2010, the compensation committee set his salary at \$312,500; and, for 2011, the compensation committee has retained his salary at \$312,500 with no increase. Dr. Spiro's agreement also provided for the grant of an option to purchase 50,000 shares of our common stock, vesting in four equal annual installments on each subsequent anniversary of Dr. Spiro's first day of employment, December 1, 2003. Dr. Spiro's employment agreement provides that he is eligible to participate in our annual cash incentive program with a target of 45% of base salary, which, as described in greater detail above, has been raised by the compensation committee to be a target of 65% of base salary. As described above, Dr. Spiro has resigned his position as Vice President, effective January 6, 2011, and will resign from the company on July 1, 2011, at which time the consideration described above will be provided subject to a General Release, Waiver and Covenant Not to Sue executed by Dr. Spiro and the company.

Standard Employee Benefits

We have adopted various employee benefit plans and arrangements for the purpose of providing employee benefits to our employees, including our named executive officers and our other executive officers. In general, the same terms apply to all of our employees, including our named executive officers and our other executive officers. These plans and arrangements include the Employee Stock Purchase Plan, the 401(k) Plan, and Supplemental Plan.