

ANTARES PHARMA, INC.  
Form DEF 14A  
April 09, 2010

SCHEDULE 14A  
(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement.
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).
- Definitive proxy statement.
- Definitive additional materials.
- Soliciting material pursuant to § 240.14a-11(c) of § 240.14a-12.

Antares Pharma, Inc.  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)Date Filed:

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ANTARES PHARMA, INC.  
Princeton Crossroads Corporate Center  
250 Phillips Boulevard, Suite 290  
Ewing, New Jersey 08618

April 19, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Antares Pharma, Inc., to be held at 9:00 a.m., local time, on Thursday, May 27, 2010, in the offices of Morgan, Lewis & Bockius LLP, located at 1701 Market Street, Philadelphia, Pennsylvania 19103. The phone number for Morgan, Lewis & Bockius LLP is 215-963-5000 and the website address is [www.morganlewis.com](http://www.morganlewis.com).

The Secretary's Notice of Annual Meeting and the Proxy Statement that appear on the following page describe the matters scheduled to come before the meeting. At the meeting, I will report on our company's performance during the past year, as well as other current items of interest to our stockholders. In addition, certain members of our Board of Directors and management team, as well as representatives of KPMG LLP, our independent registered public accounting firm, will be available to answer your questions.

I hope you will join us at the Annual Meeting of Stockholders. Whether or not you plan to attend, please complete and return your signed proxy card as soon as possible. If you attend the meeting, you may withdraw any proxy previously given and vote your shares in person at the meeting.

On behalf of our Board of Directors and our employees, thank you for your continued support of and interest in Antares Pharma, Inc.

Sincerely,

Paul K. Wotton  
President and Chief Executive Officer

ANTARES PHARMA, INC.

Princeton Crossroads Corporate Center  
250 Phillips Boulevard, Suite 290  
Ewing, New Jersey 08618

NOTICE IS HEREBY GIVEN of the 2010 Annual Meeting of Stockholders of Antares Pharma, Inc., a Delaware corporation.

Date & Time: Thursday, May 27, 2010, at 9:00 a.m. local time

Place: Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, Pennsylvania 19103  
Phone: 215-963-5000  
www.morganlewis.com

- Items of Business:
1. To elect three members to the Company's Board of Directors for a term of three years.
  2. To approve an amendment and restatement of the Company's 2008 Equity Compensation Plan to increase the maximum number of shares authorized for issuance under the plan from 10,000,000 to 11,500,000.
  3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2010.
  4. To transact other business that may properly come before the meeting.

Record Date: All stockholders of record as of the close of business on Wednesday, March 31, 2010, will be entitled to vote at the Annual Meeting of Stockholders.

Your attention is directed to the enclosed proxy statement. Whether or not you intend to attend the Annual Meeting of Stockholders, please complete, sign and return the proxy card in the enclosed, postage prepaid and addressed envelope.

By order of the Board of Directors,

Robert F. Apple  
Secretary

April 19, 2010

This proxy statement and the accompanying proxy card are being mailed on or about April 19, 2010 to all stockholders entitled to vote.

Important notice regarding the availability of proxy materials for the 2010 Annual Meeting of Stockholders to be held on May 27, 2010:

This proxy statement and our 2009 Annual Report on Form 10-K are available directly at:

<http://materials.proxyvote.com/036642>

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PROXY STATEMENT OF  
ANTARES PHARMA, INC.  
Princeton Crossroads Corporate Center  
250 Phillips Boulevard, Suite 290  
Ewing, New Jersey 08618

Annual Meeting of Stockholders to be held  
May 27, 2010

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Antares Pharma, Inc. (referred to in this proxy statement as Antares, we, our, us or the Company), to be used at our 2010 Annual Meeting of Stockholders to be held on Thursday, May 27, 2010. This proxy statement is first being sent to stockholders on or about April 19, 2010. The Board of Directors recommends that stockholders vote in favor of Items 1, 2 and 3. Each stockholder who signs and returns a proxy card in the form enclosed with this proxy statement may revoke the same at any time prior to use by giving notice of such revocation to us in writing prior to the meeting or in person at the Annual Meeting of Stockholders. Unless so revoked, the shares represented by such proxy will be voted at the Annual Meeting of Stockholders and at any adjournment thereof in the manner specified. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke the proxy. If no direction is made, the proxy will be voted in favor of Items 1, 2 and 3, each of which are discussed below.

The Company's Annual Report to Stockholders on Form 10-K for the year ended December 31, 2009, including financial statements, is being mailed to stockholders with this proxy statement but does not constitute a part of this proxy statement.

This proxy statement and our 2009 Annual Report on Form 10-K are available indirectly in the Investor Relations section of our website at <http://www.antareshpharma.com>. You may access this material by choosing the "Investor Relations" button at the top of the page, and then selecting "SEC Filings" from the items listed in the Investor Relations section. The information on our website is not part of this proxy statement. References to our website in this proxy statement are intended to serve as inactive textual references only.

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EXHIBIT A: 2008 EQUITY COMPENSATION PLAN

A-1



## VOTING AT THE MEETING

Only holders of record of shares of the Company's common stock, par value \$0.01 per share ("Common Stock"), at the close of business on March 31, 2010, the record date, are entitled to vote at the Annual Meeting. As of that date, there were 82,392,768 shares of Common Stock outstanding. Each stockholder entitled to vote shall have the right to cast one vote for each share of Common Stock outstanding in such stockholder's name.

Shares cannot be voted at the Annual Meeting unless the holder of record is present in person or by proxy. The enclosed form of proxy is a means by which a stockholder may authorize the voting of his, her or its shares at the Annual Meeting.

The Company presently has no other class of stock outstanding and entitled to be voted at the Annual Meeting. The presence in person or by proxy of stockholders entitled to cast a majority of all votes entitled to be cast at the Annual Meeting will constitute a quorum. If a broker that is a record holder of Common Stock does not return a signed proxy, the shares of Common Stock represented by such proxy will not be considered present at the Annual Meeting and will not be counted toward establishing a quorum. If a broker that is a record holder of Common Stock does return a signed proxy, but is not authorized to vote on one or more matters (with respect to each such matter, a "broker non-vote"), the shares of Common Stock represented by such proxy will be considered present at the Annual Meeting for purposes of determining the presence of a quorum. A broker that is a member of the New York Stock Exchange is prohibited, unless the stockholder provides the broker with written instructions, from giving a proxy on non-routine matters. Please note that the New York Stock Exchange rules that guide how brokers vote your stock have changed. The election of directors is no longer considered a "routine" matter under these rules. Consequently, your brokerage firm or other nominee may no longer vote your shares with respect to Proposal 1 and the election of directors without specific instructions from you as to how to vote with respect to the election of each of the three nominees for director.

Assuming a quorum is present:

- (i) a plurality of the votes cast by stockholders present, in person or by proxy, and entitled to vote for the election of directors at the Annual Meeting will be required to elect the members of the Board of Directors of the Company. Abstentions and broker non-votes will have no effect on the outcome of the election of directors;
- (ii) the affirmative vote of a majority of the votes cast by stockholders present, in person or by proxy, and entitled to vote at the Annual Meeting, will be required to approve the amendment and restatement of the Company's 2008 Equity Compensation Plan to increase the maximum number of shares authorized for issuance under the Plan from 10,000,000 to 11,500,000. Abstentions and broker non-votes will have no effect on the outcome of the vote to approve the amendment and restatement of the Company's 2008 Equity Compensation Plan to increase the maximum number of shares authorized for issuance under the Plan from 10,000,000 to 11,500,000; and
- (iii) the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote will be required for the ratification of the appointment of the independent registered public accounting firm for the current fiscal year. Abstentions will be counted towards the tabulations of votes cast and will have the same effect as votes against the ratification of the appointment of KPMG LLP; however, broker non-votes will not affect the results.

Stockholders are urged to specify their voting preference by marking the appropriate boxes on the enclosed proxy card. The shares of Common Stock represented by each properly executed proxy will be voted at the Annual Meeting in accordance with each stockholder's directions. If no choice has been specified and the enclosed proxy card

is properly executed and returned, the shares represented by that proxy will be voted "FOR" the nominees for election as directors named under the caption "Election of Directors," "FOR" the approval of the amendment and restatement of the Company's 2008 Equity Compensation Plan to increase the maximum number of shares authorized for issuance under the Plan from 10,000,000 to 11,500,000 and "FOR" the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2010. If any other matters are properly presented at the Annual Meeting for action, the proxy holders will vote the proxies (which confer discretionary authority to vote on such matters) in accordance with their judgment.

Proposal No. 1  
ELECTION OF DIRECTORS

Our Bylaws provide that the number of directors that constitute the Board of Directors shall be fixed from time to time by the Board of Directors and that directors shall be divided into three classes of as nearly equal size as possible. The Board of Directors has set the number of directors at seven. The members of each class are elected to serve a three-year term, and the terms of each class are staggered. The terms of Thomas J. Garrity, Dr. Jacques Gonella and Dr. Rajesh C. Shrotriya will expire at the 2010 Annual Meeting of Stockholders, the terms of Dr. Leonard S. Jacob and Paul K. Wotton will expire at the 2011 Annual Meeting of Stockholders and the terms of Anton G. Gueth and Eamonn P. Hobbs will expire at the 2012 Annual Meeting of Stockholders.

Following the recommendation for nomination by our Governance and Nominating Committee, the Board of Directors has nominated the persons named below for election as directors.

The accompanying proxy will be voted in favor of the election of the following nominees for director, unless the stockholder giving the proxy indicates to the contrary on the proxy. The nominees have agreed to stand for election at the Annual Meeting of Stockholders. If any nominee is not available as a candidate for director at the time of the Annual Meeting, the proxies will be voted for another nominee designated by the Board of Directors to fill such vacancy, unless the stockholder giving the proxy indicates to the contrary on the proxy.

The Board of Directors recommends a vote FOR the election of the nominees.

Nominees to be elected at the 2010 Annual Meeting of Stockholders for a  
term continuing until the 2013 Annual Meeting of Stockholders

Thomas J. Garrity      Age 61

Mr. Garrity joined the Board of Directors in October 2003 and serves as Chairman of our Audit Committee and as a member of our Governance and Nominating Committee. He was Executive Vice President and Chief Financial Officer for PCS Health Systems, a provider of managed pharmaceutical care, from 1994 to 2000. He played a key role during its subsequent integration with Advance Paradigm, Inc. and became Executive Vice President of Financial Operations for the resultant entity, AdvancePCS, a provider of health improvement solutions. Prior to that, Mr. Garrity held various positions at Eli Lilly and Company, including Director of Public Policy Planning and Development; Director of Corporate Financial Planning; and other international, marketing and financial positions. Mr. Garrity holds a B.S. degree from the Massachusetts Institute of Technology in aerospace engineering and an MBA in finance from the University of Chicago. He is currently a private investor and consultant.

Mr. Garrity's long executive experience in the pharmaceutical arena and additional extensive experience in leadership positions in pharmaceutical companies enable him to assist the Board of Directors in assessing government regulatory considerations and other matters facing the pharmaceutical industry and the companies operating therein. In addition, his experience as a financial executive enables him to provide knowledgeable perspectives on financial matters.

Dr. Jacques Gonella      Age 68

Dr. Gonella served as the Chairman of the Board of Directors from January 2001 to October 2008. Dr. Gonella was the founder of Permateg (a Swiss company that was merged with Medi-Ject, Inc., to form Antares Pharma, Inc.) and served as the Chairman of the Board of Directors of Permateg since its founding in June 1997. Prior to founding Permateg, Dr. Gonella founded JAGO Pharma AG in 1983 and served as its President and Chief Executive Officer until its acquisition in May 1996 by SkyePharma, PLC, a United Kingdom company listed on the London Stock Exchange and quoted on Nasdaq ("SkyePharma"). Prior to the founding of JAGO, Dr. Gonella occupied various

positions with F. Hoffman-La Roche Ltd. and Pfizer Inc. between 1968 and 1979. Dr. Gonella served as a member of the board of directors of Protherics PLC, London from January 2007 to December 2008 and currently sits on the board of directors of several private pharmaceutical companies and pharmaceutical investment funds. He holds a doctorate in analytical chemistry from the Polytechnic Institute of Lausanne, Switzerland. He is currently a private investor and proprietor of JG Consulting AG.

Dr. Gonella's experience in, and knowledge concerning, public companies and his extensive corporate and board experience in the pharmaceutical industry provides valuable insights into our corporate governance and operations. Moreover, his lengthy experience in operating and financial management enables him to provide useful insights on executive management considerations. Further, Dr. Gonella's intimate knowledge of the Company, by virtue of his lengthy service on the Board of Directors, enables him to provide valuable insight regarding our operations and personnel.

Dr. Rajesh C. Shrotriya                      Age 65

Dr. Shrotriya joined the Board of Directors in April 2004 and is a member of our Compensation Committee and our Governance and Nominating Committee. Dr. Shrotriya is the Chairman, Chief Executive Officer and President of Spectrum Pharmaceuticals, Inc., a specialty pharmaceutical company focused on the in-licensing, clinical development and commercialization of oncology drugs. In September 2000, Dr. Shrotriya joined NeoTherapeutics, Inc., as President and Chief Operating Officer, and in August 2002, he was appointed Chief Executive Officer. In this capacity, he spearheaded major changes in business strategy and coordinated the structural reorganization of NeoTherapeutics, culminating in the formation of Spectrum Pharmaceuticals, Inc. Prior to that, Dr. Shrotriya was Executive Vice President and Chief Scientific Officer for SuperGen, Inc., and Vice President, Medical Affairs and Vice President, Chief Medical Officer of MGI Pharma, Inc. For 18 years, he held various positions at Bristol-Myers Squibb Company, the most recent being Executive Director Worldwide CNS Clinical Research. Dr. Shrotriya has also held various positions at Hoechst Pharmaceuticals and was an attending physician and held a courtesy appointment at St. Joseph Hospital in Stamford, Connecticut. Dr. Shrotriya received a Bachelor of Medicine and Bachelor of Surgery degree at the Armed Forces Medical College in Poona, India; a post-graduate diploma in Chest Diseases from Delhi University; and a post-graduate M.D. degree from the Grant Medical College in Bombay, India. He also received a certificate for Advanced Biomedical Research Management from Harvard University.

Dr. Shrotriya's long career as an executive in the pharmaceutical industry, including extensive experience as a senior executive, enables him to provide valuable insights to the Board of Directors on a variety of matters. Importantly, Dr. Shrotriya's background as a practicing physician allows him to provide the Board of Directors with a physician's insight on matters facing the Company.

Directors whose term continues until the 2011 Annual Meeting of Stockholders

Dr. Paul K. Wotton                      Age 49

Dr. Wotton joined Antares as President and Chief Operating Officer in July 2008 and was appointed Chief Executive Officer in October 2008. Dr. Wotton was appointed to the Board of Directors of Antares in August 2004. Dr. Wotton formerly served as President and CEO of Topigen Pharmaceuticals, Inc., a biotechnology company based in Montreal, Canada. Dr. Wotton possesses over twenty years of experience in the pharmaceutical industry. Prior to joining Topigen, he was Head of Global Business Development at SkyePharma. Dr. Wotton also previously served as Vice President of Corporate Development for Eurand and Vice President of Business Development for Penwest Pharmaceuticals Co. He earned a Bachelors Degree in Pharmacy from the University of London, an MBA from Kingston Business School and a Ph.D. in pharmaceutical science from the University of Nottingham. Dr. Wotton was also a director of Genaera Corp, a publicly traded biopharmaceutical company, until 2009.

Mr. Wotton's intimate knowledge of our company, by virtue of his service as our President and Chief Operating Officer and as our Chief Executive Officer, enables him to provide valuable insight regarding our operations and personnel. In addition, his extensive pharmaceutical industry experience, coupled with previous service as an executive of a public company, brings valuable observations to the Board of Directors on a broad range of matters relating to pharmaceutical company operations and regulatory interactions.

Dr. Leonard S. Jacob    Age 61

Dr. Jacob has served as the Chairman of the Board of Directors since October 2008. Dr. Jacob joined the Board of Directors in January 2007 and is the Chairman of our Governance and Nominating Committee and is a member of our Compensation Committee. In 2006, Dr. Jacob was named Chairman of the Board of Bradley Pharmaceuticals which was subsequently acquired by Nycomed. He founded InKine Pharmaceutical Company Inc. in 1997 and served as Chairman and CEO from its founding until the company was acquired by Salix Pharmaceuticals in 2005. In 1989, Dr. Jacob co-founded Maganin Pharmaceuticals and served as its Chief Operating Officer until 1996. From

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1980 to 1989, Dr. Jacob served in a variety of executive roles including Worldwide Vice President of SmithKline & French Labs (now Glaxo-SmithKline) and as a member of their Corporate Management Committee. He earned a Ph.D. in pharmacology from Temple University School of Medicine and an M.D. from the Medical College of Pennsylvania (Drexel University College of Medicine). Dr. Jacob currently serves as Chairman of Life Science Advisors, a consulting group to the healthcare industry. He also serves on the Board of Directors of QuiqMeds, a private drug wholesaler dispensing company, the Colon Cancer Alliance and the Board of Overseers for Temple University School of Medicine and he was a founding Director of the Jacob Internet fund, a public mutual fund where he served from 1999 to 2010.

Dr. Jacob's experience on, and knowledge concerning, public company directorships and his extensive executive experience provides valuable insights into our corporate governance. Moreover, his lengthy experience in operating and financial management enables him to provide useful insights on executive management considerations. His background as a practicing physician allows him to provide the Board of Directors with a physician's insight on matters facing the Company.

Directors whose term continues until the 2012 Annual Meeting of Stockholders

Anton G. Gueth            Age 53

Mr. Gueth joined the Board of Directors in October 2003 and serves as Chairman of our Compensation Committee and as a member of our Audit Committee and our Governance and Nominating Committee. Mr. Gueth is currently a Managing Director of Burrill & Company, a merchant bank specialized in the health care field. His career includes nearly 19 years with Eli Lilly and Company ("Lilly"), most recently as director of Alliance Management. He also served as General Manager of Lilly's African and Middle Eastern operations; Vice President of Financial Planning and Treasury of PCS Health Systems; Managing Director of Lilly's Saudi Arabia, Gulf and Yemen operations, as well as other sales, marketing and financial positions. Mr. Gueth earned a Masters Degree in agricultural economics from the Justus Liebig University in Giessen, Germany, as well as a Masters Degree in public affairs from Indiana University. Mr. Gueth is a director of the American Liver Foundation, Northern California Chapter.

Mr. Gueth's extensive financial experience provides valuable insights to both the Audit Committee and the Board of Directors. In addition, his experience as Managing Director of merchant bank specializing in the health care field enables him to share with the Board of Directors considerable knowledge regarding healthcare and pharmaceutical industry trends.

Eamonn P. Hobbs            Age 51

Mr. Hobbs joined the Board of Directors in August 2009 and is a member of our Audit Committee and our Governance and Nominating Committee. Mr. Hobbs has over 25 years experience in the medical device industry, including interventional radiology, interventional cardiology and gastroenterology. Mr. Hobbs is currently the President and Chief Executive Officer of Delcath Systems, Inc., a medical technology company specializing in cancer treatment. Prior to joining Delcath Systems, Inc., Mr. Hobbs served as President and Chief Executive Officer of AngioDynamics, Inc., a company he co-founded in 1988 which has grown into a leading medical technology company with a highly diverse product line. Throughout his 20 year tenure there, he led its efforts in marketing, strategic planning, product development and general management. Before joining AngioDynamics, Mr. Hobbs was Director of Marketing and Product Development at NAMIC; founder, President and Chief Executive Officer of Hobbs Medical, Inc; and a Product Development Engineer at Cook Incorporated. Mr. Hobbs received a Bachelor of Science in Plastics Engineering with a Biomaterials emphasis at the University of Massachusetts (Lowell). Mr. Hobbs also serves on the Board of Directors of the Society of Interventional Radiology Foundation and is Vice Chairman of the Board of Directors of the Medical Device Manufacturers Association.

Mr. Hobbs' long career in the medical device industry and his executive experience at companies in that industry enables him to assist the Board of Directors in addressing many important issues, such as regulatory matters related to medical devices. Moreover, his executive experience in the private sector enables him to contribute meaningfully to the Board of Directors and the Audit Committee in considering a variety of operational and financial matters.



## CORPORATE GOVERNANCE

In accordance with the General Corporation Law of the State of Delaware and our Certificate of Incorporation and Bylaws, our business and affairs are managed under the direction of the Board of Directors. We provide information to the directors about our business through, among other things, operating, financial and other reports, as well as other documents presented at meetings of the Board of Directors and Committees of the Board of Directors.

### Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that address the practices of the Board of Directors and specify criteria to assist the Board of Directors in determining Director independence. These criteria supplement the listing standards of the NYSE Amex and the regulations of the Securities and Exchange Commission (the "SEC"). Our Code of Business Conduct and Ethics sets forth rules of conduct that apply to all of our directors, officers and employees. The Corporate Governance Guidelines and Code of Business Conduct and Ethics are available on our website at [www.antaresharma.com](http://www.antaresharma.com) as well as in printed form, free of charge to any stockholder who requests them, by writing or telephoning Antares Pharma, Inc., 250 Phillips Boulevard, Suite 290, Ewing, NJ 08618. (Telephone Number: 609-359-3020). With respect to any amendments or waivers of the Code of Business Conduct and Ethics (to the extent applicable to our chief executive officer, principal accounting officer or controller, or persons performing similar functions) we intend to either post such amendments or waivers on our website, [www.antaresharma.com](http://www.antaresharma.com), or disclose such amendments or waivers pursuant to a Current Report on Form 8-K.

### Board Independence

The Board of Directors has determined that Dr. Leonard S. Jacob, Thomas J. Garrity, Anton G. Gueth, Dr. Rajesh Shrotriya and Eamonn P. Hobbs are "independent" as defined under the listing standards of the NYSE Amex. The Board of Directors believes that the NYSE Amex independence requirements contained in the listing standards provide the appropriate standard for assessing director independence and uses the requirements in assessing the independence of each of its members.

### Meetings and Committees of the Board of Directors

The Board of Directors met 6 times during 2009. The Board of Directors has an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. During 2009, all of our current directors attended at least 83% of the aggregate number of meetings of the Board of Directors and of the Committees on which they served. Our directors are invited, but are not required, to attend our Annual Meetings of Stockholders. Last year, all of our directors attended the 2009 Annual Meeting of Stockholders.

### Audit Committee

The Audit Committee consisted of Thomas J. Garrity, Anton G. Gueth and Eamonn P. Hobbs. Dr. Rajesh Shrotriya was a member of the Audit Committee until August 12, 2009, at which time Mr. Hobbs joined the Committee. With Mr. Garrity acting as Chairman, this Committee met, either telephonically or in person, 8 times during 2009. The Audit Committee engages our independent registered public accounting firm, reviews the results and scope of the audit and other services provided by our independent registered public accounting firm, as well as our accounting principles and systems of internal controls, and reports the results of its review to, or holds concurrent meetings with, the full Board of Directors. The Board of Directors has determined that Mr. Garrity meets the requirements of an "audit committee financial expert," as that term is defined by the SEC. Additionally, the Board of Directors has determined that Mr. Garrity is independent, as defined in Item 7(d)(3)(iv) of Schedule 14A under the Securities

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Exchange Act of 1934, as amended (the “Exchange Act”), and that each of the members of our Audit Committee is “independent” within the meaning of Section 803(A) of the NYSE Amex (formerly the American Stock Exchange) listing standards.

You can find a copy of our Audit Committee Charter by visiting our website at [www.antareshpharma.com](http://www.antareshpharma.com) and following the links to “Investor Relations,” “Reports and Documents” and “Audit Committee Charter.”

## Compensation Committee

The Compensation Committee consisted of Anton G. Gueth, Dr. Rajesh Shrotriya and Dr. Leonard S. Jacob. With Mr. Gueth acting as Chairman, the Compensation Committee met, either telephonically or in person, 4 times during 2009. The Compensation Committee makes recommendations concerning executive salaries, incentive compensation for employees as well as employee benefits. The Board of Directors as a whole administers our 2008 Equity Compensation Plan (the "Plan"). The Board of Directors appoints the Compensation Committee to perform all of the administrative functions for the Plan. All actions taken by the Compensation Committee for the Plan are reported to the Board of Directors.

You can find a copy of our Compensation Committee Charter by visiting our website at [www.antaresspharma.com](http://www.antaresspharma.com) and following the links to "Investor Relations," "Reports and Documents" and "Compensation Committee Charter."

## Governance and Nominating Committee

The Governance and Nominating Committee consists of all independent members of the Board of Directors and in 2009 consisted of Dr. Leonard S. Jacob, Thomas J. Garrity, Anton G. Gueth, Dr. Rajesh Shrotriya and Eamonn P. Hobbs. With Dr. Jacob acting as Chairman, the Governance and Nominating Committee met in person 1 time during 2009. The purpose of the Governance and Nominating Committee is (i) to advise the Board of Directors regarding the membership and operations of the Board of Directors; (ii) to identify individuals qualified to serve as members of the Board of Directors, to select, subject to ratification by the Board of Directors, the director nominees for the next annual meeting of stockholders, and to recommend to the Board of Directors individuals to fill vacancies on the Board of Directors; (iii) to recommend to the Board of Directors the responsibilities of each Board committee, the structure and operation of each Board committee, and the director nominees for assignment to each Board committee; (iv) to oversee the Board of Director's annual evaluation of its performance and the performance of other Board committees; and (v) to develop and recommend to the Board of Directors a set of corporate governance guidelines applicable to the Company and to periodically review the guidelines.

Although no formal diversity policy is in place, in performance of its duties, the Governance and Nominating Committee believes that the backgrounds and qualifications of the Board of Directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will enable the Board of Directors to fulfill its responsibilities. Therefore, the Governance and Nominating Committee considers diversity in identifying nominees for directors. In this regard, the Governance and Nominating Committee views diversity in a broad sense, including on the basis of business experience, public service experience, gender and ethnicity.

You can find a copy of our Governance and Nominating Committee Charter by visiting our website at [www.antaresspharma.com](http://www.antaresspharma.com) and following the links to "Investor Relations," "Reports and Documents" and "Governance and Nominating Committee Charter."

## Director Nominations

In connection with our proxy solicitation relating to our Annual Meeting of Stockholders, the Board of Directors recommends a slate of director nominees for election by our stockholders. In addition, the Board of Directors fills vacancies on the Board of Directors when necessary or appropriate. The Board of Directors' recommendations or determinations are made after consideration of the recommendations of, and information supplied by, our Governance and Nominating Committee as to the suitability of each individual nominee, taking into account the criteria described below and other factors, including the requirements for Board committee membership. The Board of Directors as a whole should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of our business. The Board of Directors also seeks members from diverse backgrounds so that the Board of Directors consists of members with a broad spectrum of experience and

expertise and with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based on contributions that they can make to us. In determining whether to recommend a director for reelection, our Governance and Nominating Committee also considers a director's past attendance at meetings and participation in and contributions to the activities of the Board of Directors and committees of the Board of Directors on which the director served. Our Board of Directors considers recommendations for

nominations from a wide variety of sources, including members of our Board of Directors, business contacts, our legal counsel, community leaders and members of our management.

The Board of Directors will also consider candidates for nomination recommended by a stockholder. The procedures for nominating directors for election, other than by the Board of Directors, are set forth in the Bylaws and our Corporate Governance Guidelines. Nominations for the election of directors, other than by the Board of Directors, must be made by a stockholder entitled to vote for the election of directors by giving timely written notice to the Secretary of the Company (the “Secretary”) at the Company’s principal office. To be timely, a stockholder’s notice of such nominations shall be delivered to the Secretary not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year’s Annual Meeting; provided, however, that in the event that the date of the Annual Meeting is advanced by more than 30 days before or delayed by more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such Annual Meeting and not later than the close of business on the later of the 90th day prior to such Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder’s notice shall set forth as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made the name and address of such stockholder, as they appear on the Company’s books, and of such beneficial owner, and the class and number of shares of the Company which are owned beneficially and of record by such stockholder and such beneficial owner. If a stockholder fails to comply with the above provisions, then the Chairman of the meeting may declare that the nomination was not made in accordance with the procedures prescribed by the Bylaws and the defective nomination may be disregarded. Subject to compliance with statutory or regulatory requirements, the Board of Directors does not expect that candidates recommended by stockholders will be evaluated in a different manner than other candidates.

#### Board Role in Risk Oversight

The Board of Directors regularly and continually receives information intended to apprise the Board of Directors of the strategic, operational, commercial, financial, legal, and compliance risks the Company faces. Oversight of risk is an evolving process in which management continually seeks opportunities to further engrain enterprise risk management into business processes throughout the organization. The Board of Directors actively encourages management to continue to drive this evolution. While the Board of Directors has responsibility for oversight of the Company’s risk management practices, the Audit, Compensation and Governance and Nominating Committees of the Board of Directors also have risk management oversight responsibilities. In particular, the Audit Committee focuses on financial risk, including internal controls. The Audit Committee receives, reviews and discusses regular reports from management concerning risk assessment and risk management policies and practices and mitigation initiatives, to assure that the risk management processes designed and implemented by the Company are adapted to the Company’s strategy and are functioning as expected.

In addition, as part of its compensation philosophy, the Compensation Committee strives to adopt compensation incentives that encourage appropriate risk-taking behavior that is consistent with the Company’s long term business strategy and objectives. To meet its obligations under the Securities and Exchange Commission’s Enhanced Disclosure Rules, the Company undertook a process to assess to what extent risks arising from our compensation programs for employees are reasonably likely to have a material adverse effect on the Company. We concluded that it is not likely that our compensation policies will have such an effect. The Governance and Nominating Committee oversees risk management practices in its domain, including director candidate selection, governance and succession matters.

## Board Leadership Structure

The Chairman of the Board of Directors is an independent director. The Company and the Board of Directors believe that the oversight function of the Board of Directors is enhanced when an independent director, serving as Chairman, is in a position to set the agenda for, and preside over, meetings of the Board of Directors. We also believe that our leadership structure enhances the active participation of our independent directors.

### Communicating with the Board of Directors

You may communicate in writing with any or all of our directors via U.S. mail addressed to Antares Pharma, Inc., c/o Corporate Secretary, Princeton Crossroads Corporate Center, 250 Phillips Boulevard, Suite 290, Ewing, NJ 08618. Our Secretary will review and summarize all communications received for the purpose of expediting director review of matters communicated and will forward correspondence directly to the directors as appropriate.

### Compensation of Directors

Under the Directors' Compensation Plan, effective January 1, 2008 through September 30, 2009, all non-employee directors received an initial grant of an option to purchase 20,000 shares of Common Stock on the day they were initially elected or appointed to the Board of Directors, an annual grant of an option to purchase 30,000 shares of Common Stock at the time of the Company's Annual Meeting of Stockholders and an annual retainer of \$25,000. The Board Chairman received an additional \$55,000, which was paid with stock options in lieu of cash, the Audit and Compensation Committee Chairs each received an additional \$12,000, the Governance and Nominating Committee Chair received an additional \$6,000, and the Audit and Compensation Committee members received an additional \$5,000. No additional payments were earned for each Board or Committee meeting.

During 2009, we utilized Buck Consultants, an independent compensation consultant, to analyze the compensation packages for our directors as compared to the director compensation levels in place at companies in the Company's peer group. The analysis revealed that the level of director compensation for the non-employee directors of the Company was below the 25th percentile of the non-employee director compensation paid by the companies in the Company's peer group. As a result, the level of director compensation was revised so that the Company's director compensation program was in the 50th percentile relative to the Company's peer group. Accordingly, effective October 1, 2009, the annual retainer for all members was increased to \$40,000 from \$25,000 and the annual nonqualified stock option grant was increased to 40,000 shares from 30,000, the additional annual retainer for the chairpersons of the Audit and Compensation Committees was increased to \$15,000 from \$12,000 per year, the additional annual retainer for members of the Audit and Compensation Committees was increased to \$6,500 from \$5,000 per year, the additional annual retainer for the chairperson of the Governance/Nominating Committee was increased to \$7,500 per year, and the additional annual retainer for the Board Chairman was decreased to \$40,000 per year plus an additional annual nonqualified stock option grant of 40,000 shares. No additional payments are earned for each Board or Committee meeting and there is no additional annual retainer for members of the Governance/Nominating Committee.

Annually, the directors can elect to take restricted stock or options in lieu of the cash compensation. The number of shares of Common Stock issued would be based on the market value of the stock and the number of options granted would be determined based on a valuation using a Black-Scholes calculation. All directors are reimbursed for expenses actually incurred in attending meetings of the Board of Directors and its committees.

The following table provides information regarding director compensation in 2009, which reflects the standard compensation described above and certain other payments. The table does not include compensation for reimbursement of travel expenses related to attending Board and Committee meetings. In addition, the table does not address compensation for Dr. Wotton as Chief Executive Officer, which is addressed under "Executive Compensation" below. Dr. Wotton does not receive additional compensation for serving as a director.

## DIRECTOR COMPENSATION – 2009

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (2)	Total
Thomas J. Garrity	\$41,500	\$—	\$17,125	\$ —	\$ —	\$ —	\$58,625
Dr. Jacques Gonella	28,750	—	17,125	—	—	2,151	48,026
Anton G. Gueth	—	—	68,875	—	—	—	68,875
Dr. Leonard S. Jacob	32,500	—	46,058	—	—	—	78,558
Dr. Rajesh C. Shrotriya	17,250	17,500	17,125	—	—	—	51,875
Eamonn P. Hobbs	11,625	—	17,144	—	—	—	28,769

(1) The amounts shown for stock and option awards relate to shares granted under our 2008 Equity Compensation Plan. These amounts are equal to the aggregate grant date fair value of the stock and option awards. The assumptions used in determining the amounts for option awards are set forth in note 8 to our consolidated financial statements. At December 31, 2009 the directors held options to purchase an aggregate of 1,493,591 shares of Common Stock.

(2) Represents the cost of a Company-provided mobile phone for Dr. Gonella in 2009.

## Compensation Committee Interlocks and Insider Participation

During 2009, no member of the Compensation Committee had any relationship or transaction with us that is required to be reported under Item 402(j) of Regulation S-K under the Exchange Act.

## Vote Required; Recommendation of the Board of Directors

The affirmative vote of a plurality of votes of the shares of our Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote is required to elect the three directors nominated above. That means the nominees will be elected if he receives more affirmative votes than any other nominees.

The Board of Directors unanimously recommends votes FOR the election of Thomas J. Garrity, Dr. Jacques Gonella and Dr. Rajesh C. Shrotriya.



Proposal No. 2

APPROVAL OF AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2008 EQUITY COMPENSATION PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES AUTHORIZED FOR ISSUANCE UNDER THE PLAN FROM 10,000,000 TO 11,500,000.

Antares currently maintains the Antares Pharma, Inc. 2008 Equity Compensation Plan (the "2008 Plan"), which was originally effective May 14, 2008 upon the approval by the stockholders of the company. As of such date, the company's 1993 Stock Option Plan (the "1993 Plan"), 1996 Stock Option Plan (the "1996 Plan"), Amended and Restated 2001 Stock Option Plan (the "2001 Plan"), Amended and Restated 2001 Incentive Stock Option Plan for Employees (the "2001 Employees Plan"), and 2006 Equity Incentive Plan (the "2006 Plan") (the 1993 Plan, 1996 Plan, 2001 Plan, 2001 Employees Plan and 2006 Plan collectively, the "Prior Plans") were merged with and into the 2008 Plan.

On February 23, 2010, the Board of Directors unanimously approved an amendment and restatement of the 2008 Plan (i) to increase the maximum number of shares of Common Stock that may be issued under the 2008 Plan from 10,000,000 to 11,500,000, (ii) to clarify the definition of fair market value and (iii) to add a provision that allows for the net exercise of stock options granted thereunder. The Board of Directors approved the increase in the number of shares reserved and available for issuance under the 2008 Plan subject to stockholder approval and, accordingly, the Board of Directors directed that the amendment and restatement of the 2008 Plan be submitted to the Company's stockholders for approval at the Annual Meeting. The effectiveness of the amendments described in (ii) and (iii) above is not subject to stockholder approval and are effective as of February 23, 2010. The 2008 Plan currently authorizes a maximum of 10,000,000 shares for issuance to employees, non-employee directors, and consultants and advisors of Antares and its subsidiaries who are participating in the 2008 Plan. If the stockholders do not approve the amendment and restatement of the 2008 Plan at the Annual Meeting, the increase in the number of shares of Common Stock reserved and available for issuance under the 2008 Plan from 10,000,000 shares to 11,500,000 shares will not be effective and the increase in the number of shares reserved and available for issuance will not be effective.

The Board of Directors believes that the number of shares available for issuance under the 2008 Plan is not sufficient in light of our compensation structure and strategy. The Board of Directors has concluded that our ability to attract, retain and motivate top quality employees, non-employee directors, and consultants and advisors is important to our success and would be enhanced by our continued ability to make grants under the 2008 Plan. In addition, the Board of Directors believes that our interests and the interests of our stockholders will be advanced if we can continue to offer our employees, non-employee directors and consultants and advisors the opportunity to acquire or increase their proprietary interests in us. The Board of Directors believes that the an increase in the maximum number of shares available for issuance under the 2008 Plan from 10,000,000 to 11,500,000 shares will ensure that we continue to have a sufficient number of shares with which to achieve our compensation strategy.

Currently, the maximum aggregate number of shares that may be issued under the 2008 Plan cannot exceed 10,000,000 shares of Common Stock. Based on the number of shares subject to outstanding grants under the 2008 Plan together with the number of shares that could be issued under the performance-based stock bonus awards, there would be a shortfall of 281,693 if all of the performance criteria are achieved and no other outstanding grants under the 2008 Plan terminate, are forfeited or expire. If such a shortfall were to occur, the performance-based stock bonus award agreements provide that the Company will pay the amount otherwise due under the award in cash. If this Proposal 2 is approved by our stockholders, no such shortfall will occur. Further, if this Proposal 2 is approved by our stockholders at the Annual Meeting, in no event will the maximum aggregate number of shares that may be issued under the 2008 Plan exceed 11,500,000 shares of Common Stock.

As of March 31, 2010, the Company had 7,932,984 options outstanding with a weighted average exercise price of \$1.16 and a weighted average remaining term of 6.7 years, 531,354 shares subject to outstanding restricted stock awards and 994,092 shares that could be issued pursuant to outstanding performance-based stock bonus awards. Of

the 531,354 shares subject to outstanding restricted stock awards: (i) 169,999 represent shares subject to restricted stock awards received by our executives in connection with their performance of services for us and are fully vested and non-forfeitable; (ii) 265,769 represent shares subject to restricted stock awards received by our executives in connection with their performance of services for us and are unvested; (iii) 62,567 represent shares subject to restricted stock awards received by any of our non-employee directors as payment of the annual retainer fee and are fully vested and nonforfeitable; (iv) 33,019 represent shares subject to restricted stock awards received by any of our non-employee directors as payment of the annual retainer fee and are unvested, each as of March 31,

2010. With respect to the 994,092 shares that could be issued pursuant to outstanding performance-based stock bonus awards, none of such shares has actually been issued under the 2008 Plan. Instead, shares may only be issued under the 2008 Plan with respect to such awards to the extent the applicable performance criteria are achieved on or before December 31, 2010. As of March 31, 2010, 180,681 shares have been granted under the 2008 Plan pursuant to outstanding performance-based stock bonus awards based upon attainment of applicable performance criteria. As of March 31, 2010, option exercises have resulted in the issuance of 642,582 shares under the 2008 Plan.

Stockholder approval is being sought (i) in order to meet the NYSE Amex Exchange listing requirements, (ii) so that compensation attributable to grants under the 2008 Plan may qualify for an exemption from the \$1 million deduction limit under section 162(m) of the Internal Revenue Code (see discussion of "Federal Income Tax Consequences" below), and (iii) in order for incentive stock options to meet the requirements of the Internal Revenue Code (the "Code"). Stockholder approval of this proposal will also constitute a reapproval of the foregoing 1,000,000 share limitation and \$1,000,000 limitation for purposes of section 162(m) of the Code.

The material terms of the 2008 Plan are summarized below. A copy of the full text of the 2008 Plan is attached to this Proxy Statement as Exhibit A. This summary of the 2008 Plan is not intended to be a complete description of the 2008 Plan and is qualified in its entirety by the actual text of the 2008 Plan to which reference is made.

#### Material Features of the 2008 Plan

General. The 2008 Plan provides that grants may be made in any of the following forms:

- Incentive stock options
- Nonqualified stock options
- Stock units
- Stock awards
- Stock appreciation rights ("SARs")
- Dividend equivalents
- Other stock-based awards

The 2008 Plan provides that the maximum aggregate number of shares of Common Stock with respect to which grants may be made to any individual during any calendar year is 1,000,000 shares, subject to adjustment in certain circumstances as described below. If dividend equivalents are granted as qualified performance-based compensation under section 162(m) of the Code, a grantee may not accrue more than \$1,000,000 of such dividend equivalents during any calendar year.

If and to the extent options (including options granted under the Prior Plans) and SARs granted under the 2008 Plan terminate, expire or are cancelled, forfeited, exchanged or surrendered without being exercised or if any stock awards (including stock awards granted under the Prior Plans), stock units, or other stock-based awards are forfeited, terminated, or otherwise not paid in full, the shares subject to such grants will become available again for purposes of the 2008 Plan. Shares of Common Stock surrendered in payment of the exercise price of an option, or withheld for payment of taxes, shall not be available for re-issuance under the 2008 Plan. Upon the exercise of an option through a net exercise procedure, or upon the exercise of a SAR, both for purposes of calculating the number of shares remaining available for issuance under the 2008 Plan and the number of shares remaining available for exercise under such option or SAR, the number of such shares shall be reduced by the gross number of shares for which the option or SAR is exercised and without regard to any cash settlement of a SAR. Except as provided with respect to cash settlement of SARs, to the extent that any grants are paid in cash and not in shares of Common Stock, any shares previously subject to such grants shall again be available for issuance or transfer under the 2008 Plan and shall not count against the share limits for purposes of shares available under the 2008 Plan.

Administration. The 2008 Plan is administered and interpreted by the Compensation Committee (the “Committee”). However, the Board of Directors approves and administers all grants made to non-employee directors. References to the Committee include the Board of Directors where appropriate. The Committee may delegate authority to administer the 2008 Plan to one or more subcommittees, as it deems appropriate.

The Committee has the authority to (i) determine the individuals to whom grants will be made under the

2008 Plan, (ii) determine the type, size, terms and conditions of the grants, (iii) determine when grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued grant, subject to the limitations described below and (v) deal with any other matters arising under the 2008 Plan. The Committee presently consists of Anton G. Gueth (Chair), Leonard S. Jacob, M.D, Ph.D., and Dr. Rajesh C. Shrotriya, each of whom is a non-employee director of our company.

**Eligibility for Participation.** All of our employees and the employees of our subsidiaries, all of our non-employee directors, and consultants and advisors who perform services for us and our subsidiaries are eligible to receive grants under the 2008 Plan. As of March 31, 2010, approximately 20 employees and six non-employee directors are eligible to receive grants under the 2008 Plan. The Committee is authorized to select the persons to receive grants from among those eligible and the Committee will determine the number of shares of Common Stock that are subject to each grant.

**Types of Awards.**

**Stock Options**

The Committee may grant options intended to qualify as incentive stock options within the meaning of section 422 of the Code (“ISOs”) or “nonqualified stock options” that are not intended to so qualify (“NQSOs”) or any combination of ISOs and NQSOs. Anyone eligible to participate in the 2008 Plan may receive a grant of NQSOs. Only our employees and employees of our subsidiaries may receive a grant of ISOs.

The Committee will fix the exercise price per share of options on the date of grant. The exercise price of options granted under the 2008 Plan will be equal to or greater than the last reported sale price of the underlying shares of Common Stock on the date of grant. However, if the grantee of an ISO is a person who holds more than 10% of the total combined voting power of all classes of our outstanding stock, the exercise price per share of an ISO granted to such person must be at least 110% of the last reported sale price of a share of Common Stock on the date of grant.

The Committee will determine the term of each option which shall not exceed ten years from the date of grant, or, for Swiss employees, eleven years from the date of grant. Notwithstanding the foregoing, if the grantee of an ISO is a person who holds more than 10% of the combined voting power of all classes of our outstanding stock, the term of the ISO may not exceed five years from the date of grant. To the extent that the aggregate fair market value of shares of Common Stock, determined on the date of grant, with respect to which ISOs become exercisable for the first time by a grantee during any calendar year exceeds \$100,000, such ISOs will be treated as NQSOs.

The Committee will determine the terms and conditions of options, including when they become exercisable. The Committee may accelerate the exercisability of any options. The Committee will also determine under what circumstances a grantee may exercise an option after termination of employment or service. Generally, if a grantee ceases to be employed by, or provide service to, us for any reason other than disability, death, or termination for cause, the grantee’s options will terminate 90 days following the date on which the grantee ceases to be employed by, or provide service to, us. If a grantee ceases to be employed by, or provide service to, us on account of the grantee’s disability or death, the grantee’s options will terminate one year following the date on which the grantee ceases to be employed by, or provide service to, us. In each case described above, the Committee may specify a different option termination date, but in any event no later than the expiration of the option term. If a grantee ceases to be employed by, or provide service to, us on account of termination for cause, the grantee’s options will terminate immediately.

A grantee may exercise an option by delivering notice of exercise to us. The grantee will pay the exercise price and any withholding taxes for the option: (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of Common Stock already owned by the grantee and having a fair market value on the date of exercise equal to the

exercise price or by attestation to ownership of shares of Common Stock having a fair market value on the date of exercise at least equal to the exercise price, (iii) by payment through a broker in accordance with the procedures permitted by Regulation T of the Federal Reserve Board, (iv) through a net exercise procedure whereby a number of shares of Common Stock having a fair market value on the date of exercise equal to the aggregate exercise price of the option and/or withholding taxes are withheld and the remainder of the shares subject to such exercised option are delivered to the grantee, or (v) by such other method as the Committee may approve.

### Stock Awards

The Committee may grant stock awards to anyone eligible to participate in the 2008 Plan. The Committee may require that grantees pay consideration for the stock awards and may impose restrictions on the stock awards. If restrictions are imposed on stock awards, the Committee will determine whether they will lapse over a period of time or according to such other criteria as the Committee determines.

The Committee will determine the number of shares of Common Stock subject to the grant of stock awards and the other terms and conditions of the grant. Unless the Committee determines otherwise, a grantee will have the right to vote shares of Common Stock and to receive dividends paid on such shares during the restriction period. The Committee may determine that a grantee's entitlement to dividends with respect to stock awards will be subject to the achievement of performance goals or other conditions.

Unless the Committee determines otherwise, if a grantee ceases to be employed by, or provide service to, us during the restriction period, or if other specified conditions are not met, then the grantee's stock award will terminate as to all shares covered by the award as to which the restrictions have not lapsed, and those shares of Common Stock must be immediately returned to us.

### Stock Units

The Committee may grant stock units to anyone eligible to participate in the 2008 Plan. Each stock unit provides the grantee with the right to receive a share of Common Stock or an amount based on the value of a share of Common Stock at a future date. The Committee will determine the number of stock units that will be granted, whether stock units will become payable based on achievement of performance goals or other conditions, and the other terms and conditions applicable to stock units.

Stock units may be paid at the end of a specified period or deferred to a date authorized by the Committee. If a stock unit becomes distributable, it will be paid to the grantee in cash, in shares of Common Stock, or in a combination of cash and shares of Common Stock, as determined by the Committee. Unless the Committee determines otherwise, if a grantee ceases to be employed by, or provide service to, us before the stock units vest, or if other conditions are not met, the grantee's stock units will be forfeited.

### SARs

The Committee may grant SARs to anyone eligible to participate in the 2008 Plan. SARs may be granted in connection with, or independently of, any option granted under the 2008 Plan. Upon exercise of an SAR, the grantee will receive an amount equal to the excess of the fair market value of Common Stock on the date of exercise over the base amount for the SAR. Payment will be made in shares of Common Stock.

The base amount of each SAR will be determined by the Committee and will be equal to the per share exercise price of the related option or, if there is no related option, an amount that is at least equal to the last reported sale price of a share of Common Stock on the date of grant of the SAR. The Committee will determine the terms and conditions of SARs, including when they become exercisable. The Committee may accelerate the exercisability of any SARs. SARs may only be exercised while the grantee is employed by, or providing service to, us and our subsidiaries or within a specified period of time after termination of employment or service, as determined by the Committee.

### Dividend Equivalents

The Committee may grant dividend equivalents in connection with stock units or other stock-based awards. Dividend equivalents are payable in cash or shares of Common Stock and may be paid currently or accrued as contingent

obligations. The terms and conditions of dividend equivalents will be determined by the Committee.

#### Other Stock-Based Awards

The Committee may grant other stock-based awards, which are grants other than options, SARs, stock units, and stock awards. The Committee may grant other stock-based awards to anyone eligible to participate in the 2008 Plan. These grants will be based on or measured by shares of Common Stock, and will be payable in cash, in



shares of Common Stock, or in a combination of cash and shares of Common Stock. The terms and conditions for other stock-based awards will be determined by the Committee.

**Qualified Performance-Based Compensation.** The 2008 Plan permits the Committee to impose objective performance goals that must be met with respect to grants of stock units, stock awards, other stock-based awards or dividend equivalents granted to employees under the 2008 Plan, in order for the grants to be considered qualified performance-based compensation for purposes of section 162(m) of the Code (see “Federal Income Tax Consequences” below). Prior to, or soon after the beginning of, the performance period, the Committee will establish in writing the performance goals that must be met, the applicable performance period, the amounts to be paid if the performance goals are met, and any other conditions. The Committee may provide in the grant agreement that qualified performance-based grants will be payable or restrictions on such grants will lapse, in whole or part, in the event of the grantee’s death or disability during the performance period or under other circumstances consistent with Treasury regulations.

The performance goals, to the extent designed to meet the requirements of section 162(m) of the Code, will be based on one or more of the following measures: stock price, earnings per share, net earnings, operating earnings, earnings before income taxes, EBITDA (earnings before income tax expense, interest expense, and depreciation and amortization expense), return on assets, stockholder return, return on equity, growth in assets, unit volume, sales or market share, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures.

The Committee will not have the discretion to increase the amount of compensation that is payable upon achievement of the designated performance goals. After the announcement of our financial results for the performance period, the Committee will certify and announce the results for the performance period. If and to the extent that the Committee does not certify that the performance goals have been met, the grants of stock awards, stock units, other stock-based awards and dividend equivalents for the performance period will be forfeited or will not be made, as applicable.

**Deferrals.** The Committee may permit or require grantees to defer receipt of the payment of cash or the delivery of shares of Common Stock that would otherwise be due to the grantee in connection with any stock units or other stock-based awards under the 2008 Plan. The Committee will establish the rules and procedures applicable to any such deferrals and may provide for interest or other earnings to be paid on such deferrals.

**Adjustment Provisions.** If there is any change in the number or kind of shares of Common Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding shares of Common Stock as a class without our receipt of consideration, or if the value of outstanding shares of Common Stock is substantially reduced as a result of a spinoff or payment by us of an extraordinary dividend or distribution, the maximum number of shares of Common Stock available for issuance under the 2008 Plan, the maximum number of shares of Common Stock for which any individual may receive grants in any year, the kind and number of shares covered by outstanding grants, the kind and number of shares issued and to be issued under the 2008 Plan, and the price per share or the applicable market value of such grants will be equitably adjusted by the Committee, in such manner as the Committee deems appropriate, to reflect any increase or decrease in the number of, or change in the kind or value of, the issued shares of Common Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the 2008 Plan and such outstanding grants. Any fractional shares resulting from such adjustment will be eliminated. In addition, in the event of a change of control, the provisions applicable to a change in control will apply. Any adjustments to outstanding grants shall be consistent with section 409A or 422 of the Code, to the extent applicable.

Change of Control. Unless the Committee determines otherwise, effective upon the date of the change of control:

- All outstanding options and SARs will automatically accelerate and become fully exercisable;
- The restrictions and conditions on all outstanding stock awards will immediately lapse; and
- All stock units, dividend equivalents and other stock-based awards will become fully vested and will be paid at their target value, or in such greater amounts as the Committee may determine.

Notwithstanding the foregoing, in the event of a change of control, the Committee may take any of the following actions with respect to any or all outstanding grants under the 2008 Plan:

- Require that grantees surrender their options and SARs in exchange for payment by us, in cash or shares of Common Stock as determined by the Committee, in an amount equal to the amount by which the then fair market value of the shares subject to the grantee's unexercised options and SARs exceeds the exercise price of the options or the base amount of the SARs, as applicable;
- After giving grantees the opportunity to exercise their options and SARs, terminate any or all unexercised options and SARs at such time as the Committee deems appropriate; or
- Determine that outstanding options and SARs that are not exercised will be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other outstanding grants that remain in effect after the change of control will be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation).

For purposes of the 2008 Plan, a change of control will be deemed to have occurred if one of the following events occurs:

- Any person becomes the beneficial owner of securities representing 50% or more of the voting power of our securities, provided that a change of control will not occur as a result of a transaction in which we become a subsidiary of another corporation and in which our stockholders, immediately prior to the transaction, will own shares representing more than 50% of the parent corporation;
- Consummation of a merger or consolidation whereby our stockholders immediately before the transaction do not own more than 50% of the voting power of the voting securities of the surviving company;
- A sale or other disposition of all or substantially all of our assets; or
- A liquidation or dissolution of our company.

**Transferability of Grants.** Only the grantee may exercise rights under a grant during the grantee's lifetime. A grantee may not transfer those rights except by will or the laws of descent and distribution; provided, however, that a grantee may transfer a grant other than an ISO pursuant to a domestic relations order. The Committee may also provide, in a grant agreement, that a grantee may transfer NQSOs to his or her family members, or one or more trusts or other entities for the benefit of or owned by such family members, consistent with applicable securities laws, according to such terms as the Committee may determine.

**Participants Outside of the United States.** If any individual who receives a grant under the 2008 Plan is subject to taxation in a country other than the United States, the Committee may make the grant on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable country.

**No Repricing of Options.** Neither the Board of Directors nor the Committee can amend the 2008 Plan or options previously granted under the 2008 Plan to permit a repricing of options, without prior stockholder approval.

**Amendment and Termination of the 2008 Plan.** The Board of Directors may amend or terminate the 2008 Plan at any time, subject to stockholder approval if such approval is required under any applicable laws or stock exchange requirements. The 2008 Plan will terminate on May 13, 2018, unless the 2008 Plan is terminated earlier by the Board of Directors or is extended by the Board of Directors with stockholder consent.

**Stockholder Approval for Qualified Performance-Based Compensation.** If stock awards, stock units, other stock-based awards or dividend equivalents are granted as qualified performance-based compensation under section 162(m) of the Code, the 2008 Plan must be re-approved by our stockholders no later than the first stockholders meeting that occurs in the fifth year following the year in which our stockholders previously approved the 2008 Plan.

Grants under the 2008 Plan. No award has been or will be granted under the 2008 Plan that is contingent upon approval of this proposal by our stockholders at the Annual Meeting. Grants under the 2008 Plan are discretionary, so it is not currently possible to predict the number of shares of Common Stock that will be granted or who will receive grants under the 2008 Plan after the Annual Meeting. The last reported sale price of a share of

Common Stock on March 31, 2010, was \$1.37 per share.

#### Federal Income Tax Consequences of the 2008 Plan

The federal income tax consequences of grants under the 2008 Plan will depend on the type of grant. The following description provides only a general description of the application of federal income tax laws to grants under the 2008 Plan. This discussion is intended for the information of stockholders considering how to vote at the Annual Meeting and not as tax guidance to grantees, as the consequences may vary with the types of grants made, the identity of the grantees and the method of payment or settlement. The summary does not address the effects of other federal taxes (including possible "golden parachute" excise taxes) or taxes imposed under state, local, or foreign tax laws.

From the grantees' standpoint, as a general rule, ordinary income will be recognized at the time of delivery of shares of Common Stock or payment of cash under the 2008 Plan. Future appreciation on shares of Common Stock held beyond the ordinary income recognition event will be taxable as capital gain when the shares of Common Stock are sold. The tax rate applicable to capital gain will depend upon how long the grantee holds the shares. We, as a general rule, will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the grantee, and we will not be entitled to any tax deduction with respect to capital gain income recognized by the grantee.

Exceptions to these general rules arise under the following circumstances:

- (i) If shares of Common Stock, when delivered, are subject to a substantial risk of forfeiture by reason of any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of forfeiture lapses, unless the grantee makes a special election to accelerate taxation under section 83(b) of the Code.
- (ii) If an employee exercises a stock option that qualifies as an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares of Common Stock acquired upon exercise of the stock option are held until the later of (A) one year from the date of exercise and (B) two years from the date of grant. However, if the employee disposes of the shares acquired upon exercise of an ISO before satisfying both holding period requirements, the employee will recognize ordinary income at the time of the disposition equal to the difference between the fair market value of the shares on the date of exercise (or the amount realized on the disposition, if less) and the exercise price, and we will be entitled to a tax deduction in that amount. The gain, if any, in excess of the amount recognized as ordinary income will be long-term or short-term capital gain, depending upon the length of time the employee held the shares before the disposition.
- (iii) A grant may be subject to a 20% tax, in addition to ordinary income tax, at the time the grant becomes vested, plus interest, if the grant constitutes deferred compensation under section 409A of the Code and the requirements of section 409A of the Code are not satisfied.

Section 162(m) of the Code generally disallows a publicly held corporation's tax deduction for compensation paid to its chief executive officer or certain other officers in excess of \$1 million in any year. Qualified performance-based compensation is excluded from the \$1 million deductibility limit, and therefore remains fully deductible by the corporation that pays it. We intend that options and SARs granted under the 2008 Plan will be qualified performance-based compensation. Stock units, stock awards, dividend equivalents, and other stock-based awards granted under the 2008 Plan may be designated as qualified performance-based compensation if the Committee conditions such grants on the achievement of specific performance goals in accordance with the requirements of section 162(m) of the Code.

We have the right to require that grantees pay to us an amount necessary for us to satisfy our federal, state or local tax withholding obligations with respect to grants. We may withhold from other amounts payable to a grantee an amount necessary to satisfy these obligations. The Committee may permit a grantee to satisfy our withholding obligation with respect to grants paid in shares of Common Stock by having shares withheld, at the time the grants become taxable, provided that the number of shares withheld does not exceed the individual's minimum applicable withholding tax rate for federal, state and local tax liabilities.

The Board of Directors unanimously recommends a vote FOR approval of the amendment and restatement of the Antares Pharma, Inc. 2008 Equity Compensation Plan to increase the number of shares of Common Stock reserved and available for issuance thereunder.

Proposal No. 3  
RATIFICATION OF SELECTION  
OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

At the Annual Meeting of Stockholders, a vote will be taken on a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010. KPMG LLP has audited our financial statements since 1995.

Representatives of KPMG LLP are expected to be present at the Annual Meeting of Stockholders to make a statement, if they so desire, and to respond to appropriate questions.

Neither our bylaws nor any other governing documents or law require stockholder ratification of the appointment of KPMG LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the appointment of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain KPMG LLP. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interest of our stockholders.

#### Audit Fees

Aggregate fees billed to the Company by KPMG LLP during 2009 and 2008 for professional services rendered in connection with the audit of the Company's annual financial statements and review of the financial statements included in the Company's quarterly reports totaled \$300,970 and \$279,486.

#### Audit-Related Fees

There were no fees billed to the Company by KPMG LLP during 2009 and 2008 for audit-related services.

#### Tax Fees

Aggregate fees billed to the Company by KPMG LLP during 2009 and 2008 for professional services rendered in connection with tax compliance, tax advice and tax planning totaled \$27,080 and \$25,457.

#### All Other Fees

There were no other fees billed to the Company by KPMG LLP in 2009 and 2008.

#### Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy regarding pre-approval of non-audit services performed by the independent registered public accounting firm. The Audit Committee's pre-approval policy prohibits engaging the independent auditor to perform the following services:

- bookkeeping or other services relating to the accounting records or financial statements,
- financial information systems design and implementation,
- appraisal and valuation services, fairness opinions or contribution-in-kind reports,
- actuarial services,
- internal audit outsourcing services,
- management functions,



- human resource services,
- broker-dealer, investment advisor or investment banking services,
- legal services, and
- expert services unrelated to the audit.

The policy requires the pre-approval of the Audit Committee for all audit services, audit-related services, tax services and other services performed by the independent registered public accounting firm. The policy contains lists of the above categories of services that the Audit Committee has pre-approved, subject to an annual aggregate

dollar limit for each category. Any proposed services exceeding these limits require specific pre-approval by the Audit Committee. Services not listed in one of the above categories also require specific pre-approval from the Audit Committee.

The policy permits the Audit Committee to delegate pre-approval authority to one or more members of the Audit Committee, provided that the member or members report(s) to the entire Audit Committee pre-approval actions taken since the last Audit Committee meeting. The policy expressly prohibits delegation of pre-approval authority to management. In 2009, 100% of all services provided by our principal accounting firm were pre-approved by the Audit Committee or one or more of its members.

Vote Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the outstanding shares of our Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote is required to ratify the selection of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010.

The Board of Directors unanimously recommends a vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accountants.

EXECUTIVE OFFICERS OF THE COMPANY

The following individuals served as our executive officers as of December 31, 2009:

Name	Age	Position
Paul K. Wotton, Ph.D.	49	President, Chief Executive Officer and Director
Robert F. Apple	43	Executive Vice President, Chief Financial Officer and President of the Parenteral Products Division
Dario Carrara, Ph.D.	46	Senior Vice President and Managing Director - Pharmaceutical Group
Peter Sadowski, Ph.D.	62	Senior Vice President and Managing Director - Parenteral Products Division

Paul K. Wotton, is Antares' President, Chief Executive Officer and a director. Please see Dr. Wotton's biographical information set forth in the Election of Directors section in this proxy statement.

Robert F. Apple is currently Executive Vice President, Chief Financial Officer, Corporate Secretary and President of the Parenteral Products Division. He joined the Company in February 2006 as Senior Vice President, Chief Financial Officer and Corporate Secretary. Prior to joining the Company, Mr. Apple served as Chief Operating and Financial Officer at InKine Pharmaceutical Company, Inc. from 2003 to 2005, and Chief Financial Officer from 1997 to 2002. From 1995 to 1997, Mr. Apple was employed by Genaera Corporation, Inc., a biotechnology company, where he held the position of Corporate Controller. From May 1994 until July 1995, Mr. Apple was employed by Liberty Technologies, Inc. as Corporate Controller. Prior to May 1994, Mr. Apple held various positions of increasing responsibility at Arthur Andersen & Company LLP. He holds a B.A. degree in accounting from Temple University and is a CPA.

Dario Carrara, Ph.D. is currently Senior Vice President and Managing Director – Pharmaceutical Group, located in Muttenz, Switzerland. He served as General Manager of Permateg's Argentinean subsidiary from 1995 until its liquidation in 2000. Prior to joining Permateg, between 1986 and 1995, Dr. Carrara worked as Pharmaceutical Technology Manager for Laboratorios Beta, a pharmaceutical laboratory in Argentina that ranks among the top ten pharmaceutical companies in Argentina. Dr. Carrara has extensive experience in developing transdermal drug delivery devices. He earned a double degree in Pharmacy and Biochemistry, as well as a Ph.D. in Pharmaceutical Technology from the University of Buenos Aires.

Peter Sadowski, Ph.D. is currently Senior Vice President and Managing Director - Parenteral Products Division, located in Minneapolis, Minnesota. He joined the Company in March 1994 as Vice President, Product Development. He was promoted to Executive Vice President and Chief Technology Officer in 1999. From October 1992 to February 1994, Dr. Sadowski served as Manager, Product Development for GalaGen, Inc., a biopharmaceutical company. From 1988 to 1992, he was Vice President, Research and Development for American Biosystems, Inc., a medical device company. Dr. Sadowski holds a Ph.D. in microbiology from the University of Minnesota.



## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Employment Agreement with Dr. Paul K. Wotton. Paul K. Wotton was appointed President and Chief Operating Officer on July 7, 2008, and appointed Chief Executive Officer on October 10, 2008. We amended and restated Dr. Wotton's former employment agreement dated July 7, 2008 to (i) affirm Dr. Wotton's appointment to the position of Chief Executive Officer, (ii) adjust target bonus percentages and (iii) make certain other desired changes. Dr. Wotton's amended employment agreement became effective on November 12, 2008. The amended employment agreement supersedes and replaces the prior agreement in its entirety. The amended employment agreement provides for a base salary of \$337,000 per year, which will be subject to increase (but not decrease) based on Dr. Wotton's and our performance, as determined by the Compensation Committee. The Compensation Committee approved an increase in Dr. Wotton's base salary to \$390,000 in February 2010. The amended agreement also stipulates that Dr. Wotton is eligible to receive a target annual bonus of up to 75% of base salary upon attainment of certain pre-set performance goals, as determined and approved by the Compensation Committee. This target bonus percentage was adjusted to 55% in connection with the approval of the increase in Dr. Wotton's salary in February 2010. The terms of the amended employment agreement with Dr. Wotton includes the issuance of stock options to purchase 400,000 shares of Common Stock at an exercise price equal to the closing price of a share of Common Stock on the date of grant, and vesting over three years at the rate of 33-1/3% each year beginning on the first anniversary of the date of grant. In addition, Dr. Wotton can earn up to an additional 400,000 shares of Common Stock as performance stock bonuses upon the occurrence of various triggering events. Pursuant to the amended agreement, Dr. Wotton was also granted 100,000 shares of restricted stock vesting over three years at the rate of 33-1/3% each year beginning on the first anniversary of the date of grant. Dr. Wotton is also eligible to participate in any other equity compensation plans established by the Company for members of management. Dr. Wotton's amended employment agreement has a term of three years and automatically renews for successive one-year periods unless notice is given by the Company at least 90 days prior to the end of a renewal period. The amended employment agreement provides Dr. Wotton with severance in the event that he is terminated by us without cause or resigns with good reason equal to twelve months of base pay (or 24 months of base pay if Dr. Wotton is terminated without cause or resigns for good reason during the one-year period following a change of control in which the transaction proceeds equals or exceeds a targeted amount), a pro-rated bonus payment for the year of termination based on actual performance and the number of days Dr. Wotton was employed by us in the year of his termination), and continued coverage under the Company's group medical and dental plans until the earlier of the last day of the twelve-month period following Dr. Wotton's termination or the date he obtains coverage from a new employer through COBRA, on the same cost sharing basis as if Dr. Wotton were an employee of the Company. Dr. Wotton will also receive the same benefits if he voluntarily resigns without good reason shortly after a change of control or a specified transition period following a change of control. Further, during the term of Dr. Wotton's employment with the Company, and for the one-year period after Dr. Wotton's termination of employment, Dr. Wotton cannot (i) compete against the Company, (ii) solicit in any way the customers of the Company; or (iii) recruit in any way the employees of the Company.

Employment Agreement with Mr. Robert F. Apple. Mr. Apple entered into an employment agreement dated February 9, 2006 and further amended on November 12, 2008. The employment agreement provides for a base salary of \$250,000. Mr. Apple's current base salary is \$301,000. In addition, Mr. Apple was granted a stock option to purchase 250,000 shares of Common Stock that vests pro rata on the last day of each month over 48 months commencing upon employment. Also, Mr. Apple was granted a stock option to purchase an additional 150,000 shares of Common Stock, the vesting of which was based upon the achievement of certain performance milestones. As further discussed under the section "Long-Term Incentives – Equity Compensation," the Compensation Committee determined that these performance milestones were met in 2006 and the stock option to purchase 150,000 shares of Common Stock became fully vested in 2006. The agreement also stipulates that Mr. Apple is eligible to receive a target annual bonus of at least 20% up to a maximum of 35% of base salary upon attainment of certain pre-set performance goals as determined and approved by the Compensation Committee and is also eligible for additional bonuses and up to an additional 250,000 shares of Common Stock, upon the achievement of certain performance-based criteria. The target annual

bonus percentage was increased to 40% in August 2009. In addition, the employment agreement contains a covenant not to compete and a covenant with respect to nonsolicitation and noninterference with customers, suppliers or employees. Mr. Apple's agreement is for two years and automatically renews for consecutive one-year periods unless one of the parties delivers 60 days prior written notice of non-renewal. The employment agreement provides Mr. Apple with severance in the event that his

employment is terminated by us without cause or by him for good reason equal to twelve months of base pay and continued coverage under the Company's group medical and dental plans for the corresponding period through COBRA, on the same cost sharing basis as if Mr. Apple were an employee of the Company.

Employment Agreement with Dr. Dario Carrara. Dr. Carrara entered into an employment agreement dated October 13, 2006 and further amended on November 12, 2008. Dr. Carrara is a citizen of Argentina and, accordingly, is considered a foreign service employee for Swiss employment purposes. The employment agreement provides for a base salary of 305,000 Swiss Francs, or approximately \$293,834 using the exchange rate at December 31, 2009, of 1.038. Dr. Carrara's current base salary is 320,250 Swiss Francs, or approximately \$308,526 using the exchange rate at December 31, 2009. In addition, Dr. Carrara is eligible to receive a target annual bonus of at least 20% up to a maximum of 35% of base salary upon attainment of certain pre-set performance goals as determined by the Chief Executive Officer and approved by the Compensation Committee, but is subject to reduction under certain conditions. Dr. Carrara also receives an expense account allowance, two family trips per year to his home country, international school costs for his children, family housing cost in Switzerland, and a tax return allowance. Dr. Carrara is also eligible to receive up to 280,000 shares of Common Stock, upon the achievement of certain performance-based criteria. In addition, the employment agreement contains a covenant not to compete and a covenant with respect to nonsolicitation and noninterference with customers, suppliers or employees. Dr. Carrara's agreement is for an indeterminate period of time and either party may terminate the agreement by providing written notice six months in advance of termination. The employment agreement provides Dr. Carrara with severance in the event that his employment is terminated by us without cause equal to six months of base pay. If Dr. Carrara's employment is terminated due to a change of control he is then entitled to six months pay and payment of health and dental benefits.

Employment Agreement with Dr. Peter Sadowski. Dr. Sadowski entered into an employment agreement dated October 13, 2006 and further amended on November 12, 2008 in order to comply with the requirements of Section 409A of the Code. The employment agreement provides for a base salary of \$186,000. Dr. Sadowski's current base salary is \$235,500. In addition, Dr. Sadowski is eligible to receive a target annual bonus of at least 20% up to a maximum of 35% of base salary upon attainment of certain pre-set performance goals as determined by the Chief Executive Officer and approved by the Compensation Committee, but is subject to reduction under certain conditions. Dr. Sadowski is also eligible for up to 175,000 shares of restricted Common Stock, upon the achievement of certain performance-based criteria. In addition, the employment agreement contains a covenant not to compete and a covenant with respect to nonsolicitation and noninterference with customers, suppliers or employees. Dr. Sadowski's agreement is for one year and automatically renews for consecutive one-year periods unless one of the parties delivers 60 days prior written notice of non-renewal. The employment agreement provides Dr. Sadowski with severance in the event that his employment is terminated by us without cause equal to six months of base pay and continued coverage under the Company's group medical and dental plans for the corresponding period through COBRA, on the same cost sharing basis as if Mr. Sadowski were an employee of the Company.

#### Related-Party Transaction

In 2008, the Company entered into an employment agreement with an employee of JG Consulting AG, a company owned by Dr. Jacques Gonella, a member of the Board of Directors, and the Company's largest shareholder. The employee worked half time for JG Consulting AG and half time for the Company, providing business development and other services. The Company's employment agreement with this employee ended in 2009. The Company paid this employee approximately \$130,000 in 2009.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

In this Compensation Discussion and Analysis, we address the compensation paid or awarded to the individuals listed in the Summary Compensation Table that immediately follows this discussion. We sometimes refer to these individuals as our “named executive officers.”

The principal components of 2009 compensation that we paid to the named executive officers to meet these objectives are as follows:

Type of Compensation	Objectives Addressed
Salary	Competitive Compensation
Annual Pay for Incentive Compensation	Performance Competitive Compensation
Stock Options	Pay for Performance Stakeholder Incentives Competitive Compensation Retention Incentives
Stock Awards	Pay for Performance Stakeholder Incentives Competitive Compensation Retention Incentives

In addition to the above components, named executive officers have employment agreements that provide severance and change of control benefits, principally as a retention incentive.

Our Compensation Committee and senior management are focused on providing an appropriate mix of short-term and long-term incentives, and we are mindful not to rely on highly leveraged incentives that would result in risky short-term behavior. Our compensation program provides long-term incentives to ensure that our executives continue in employment with us and directly tie executive compensation to generation of stockholder value.



### Determination of Competitive Compensation

In 2007, our Compensation Committee retained Buck Consultants to provide an executive compensation review of our overall executive compensation against that provided by our peer group. In that December 2007 report, to assess compensation levels, Buck Consultants, in collaboration with our senior management and the Chairman of the Compensation Committee, identified a comparator group of the 14 peer companies listed below. The comparator group was selected for the following key comparator factors: our competitors, primary area of business is drug delivery methods and technologies within specialty pharmaceuticals, revenue size, number of employees and market capitalization. In general, the comparator group consists of companies one-half to two times our size. In addition, in the comparator group, our revenues are in the 50th percentile, our market capitalization is in the 30th percentile and our number of full time employees is in the 15th percentile. The comparator companies consisted of the following:

- Aradigm Corporation
- Acusphere Inc.
- BioSante Pharmaceuticals, Inc.
- Columbia Laboratories
- DepoMed, Inc.
- Epicept Corp.
- Insite Vision Inc.
- Inovio Biomedical Corp.
- Javelin Pharmaceuticals, Inc.
- NexMed, Inc.
- Novavax, Inc.
- Penwest Pharmaceuticals
- Pharmos Corporation
- Spectrum Pharmaceuticals, Inc.

The review conducted by Buck Consultants in December 2007 determined that the base salaries and total target cash compensation (base salary plus target bonus) for our executive group was generally in line with the market median (plus or minus 15%) based on the comparator group of companies and that total direct compensation taking into account the 2008 stock option grants and one-half of the number of shares of Common Stock our named executive officers are eligible to earn under the performance stock bonus awards made to them in 2007, places all of our named executive officers in line with market competitive ranges. The report further concluded, that ownership percentages, inclusive of the number of shares of Common Stock our named executive officers are eligible to earn under the performance stock bonus awards made to them in 2007, were generally at competitive levels.

Our Compensation Committee has not retained an independent compensation consultant since December 2007, but has continued to refer to the report by Buck Consultants from December 2007 as a guide in assessing the level of overall compensation of our executives as well as more recent salary surveys and recent proxy filings of our peer companies. Based on our compensation objectives and philosophy with reference to the study conducted by Buck Consultants and published reports, the Compensation Committee determined that overall compensation, including base salary, annual incentive target payout and long-term incentives, should be targeted at a level that approximates the 50th percentile of our peer group. The Compensation Committee has from time to time made and will continue to make, determinations that represent a departure from this general guideline. In addition, because a significant portion of our compensation is performance-based, if performance targets are achieved (or not achieved), actual cash compensation paid to our named executive officers may vary considerably from that paid to executives in our peer group. In addition, as explained in more detail below, our long-term incentive compensation continues to be based primarily on stock options, coupled with performance stock awards.

We believe our approach to goal setting, weighting of targets, and evaluation of performance results assist in mitigating excessive risk-taking that could harm our value or reward poor judgment by our executives. Several features of our programs reflect sound risk management practices. We believe we have allocated our compensation among base salary and short and long-term incentive compensation target opportunities in such a way as to not encourage excessive risk-taking. This is based on our belief that applying Company wide metrics encourages decision making that is in the best long-term interests of the Company and our stockholders. In addition, we believe that the mix of equity award instruments used under our long-term incentive program that includes both stock options and full value awards as well as the multiyear and performance based vesting of our equity awards also mitigate risk and properly account for the time horizon of risk. For example, a number of the performance goals in our performance-based stock bonus awards can take up to three years to achieve based on the long-term strategy of the Company. These goals align the interest of the executive to our stockholders.

Each named executive officer has an employment agreement with us that includes base salary and annual and long term incentives as described in Certain Relationships and Related Transactions in this Compensation Discussion and Analysis. Further details regarding the terms of these agreements, including the terms of Dr. Wotton's agreement, are described below.

#### Role of Executive Officers in Determining Executive Compensation for Named Executive Officers.

The Compensation Committee has established an annual performance review program for our executives pursuant to which annual corporate and individual performance goals are determined and communicated in writing to each executive at the beginning of each calendar year. For executives other than the Chief Executive Officer, individual goals are proposed by the Chief Executive Officer. The Chief Executive Officer's goals are approved by the Compensation Committee. Each executive's evaluation begins with a written self-assessment which is submitted to the Chief Executive Officer. The Chief Executive Officer then prepares a written evaluation based on the executive's self-assessment and the Chief Executive Officer's own evaluation. This process leads to a recommendation by the Chief Executive Officer for annual executive salary increases and bonuses, if any, which is then reviewed and

approved by the Compensation Committee. In the case of the Chief Executive Officer, his individual performance evaluation is conducted by the Compensation Committee, which determines his compensation changes and awards. For all executives, annual base salary increases and annual bonuses, to the extent granted, are implemented during the first calendar quarter of the year but before March 15. In connection with 2009 compensation, Dr. Wotton provided recommendations to the Compensation Committee to assist it in determining compensation levels. Dr. Wotton did not make recommendations as to his own compensation. While the Compensation Committee utilized this information, and valued Dr. Wotton's observations with regard to other executive officers, the ultimate decisions regarding executive compensation were made by the Compensation Committee.

## Salaries

In January 2009, based on the current condition of the U.S. economy, the U.S. stock market and the Company's cash position at December 31, 2008, the Compensation Committee postponed any decision regarding salary increases for fiscal year 2009 until August 2009. By August 2009, the Company's cash position had improved significantly, the Company had received approval by the U.S. Food and Drug Administration ("FDA") of our human growth hormone ("hGH") device in the United States and the Company had successfully restructured certain strategic contracts. Accordingly, in connection with the promotions of Mr. Apple and Dr. Sadowski, the Committee approved an increase in salary for each of Messrs. Apple and Sadowski of approximately 5% effective as of August 11, 2009. In January 2010, the Committee approved modest salary increases of approximately 3% for each Mr. Apple and Dr. Sadowski as set forth below and a significant increase for Dr. Wotton of 15.7%. The Committee determined to award Dr. Wotton such a significant salary increase to adjust his original base salary (that of Chief Operating Officer) to one commensurate of the Chief Executive Officer, as well as reward him for his significant leadership role in improving and stabilizing the Company's cash position, receiving approval by the FDA of the hGH device in the United States and successfully restructuring certain strategic contracts, as well as improving the integration and operation of the Company's management team which resulted in increased productivity and development.

Name	Percentage	
	Base Salary Increase	Base Salary After Increase
Dr. Paul K. Wotton	15.7 %	\$390,000
Mr. Robert F. Apple	3.0 %	\$310,000
Dr. Dario Carrara	2.0 %	CHF 327,000
Dr. Peter Sadowski	3.1 %	\$235,500

## Annual Incentive Awards

Our principal objective in providing incentive compensation is to provide pay for performance. While we target our opportunities for incentive compensation to be comparable to the median level of our peer group of companies, this guideline is based on target award levels, and actual payouts to the named executive officers can vary significantly based on actual performance.

We set target award levels for our executives based on a percentage of their base salary. In August 2009, based on the significant improvement in the Company's cash position, the approval by the FDA of the hGH device in the United States and the successful restructuring of certain strategic contracts, the Compensation Committee determined to increase Mr. Apple's target award level to 40% of his base salary, as increased on August 11, 2009, as described above. The applicable percentages for 2009 for the other executives are set forth below. The Compensation Committee reviewed the performance goals for each of the executives at its January 2009 meeting and finalized and approved the goals at its May 2009 meeting. In setting the goals for 2009, the Compensation Committee determined that the weight any particular goal carried within the applicable category, would be determined after the end of the year by the Committee in its discretion, based on actual performance, with input from Dr. Wotton (except with respect to his own performance). The Compensation Committee determined at its February 2010 meeting whether and to what extent the applicable performance goals were achieved for 2009 and approved the specific bonus amounts to be paid to each named executive officer. For executives other than the Chief Executive Officer, the Compensation Committee took into account the recommendations of the Chief Executive Officer.

Dr. Wotton has overall responsibility for the organization and progress made. Dr. Wotton had seven goals in 2009 divided over the following three categories and weighted as follows: Key Corporate Objectives (30%), Business and Development Objectives (40%), Organizational Objectives (30%). The Compensation Committee determined that he achieved 90% of the goals. Among the corporate objectives were goals relating to cash balance targets, pursuit of strategic alternatives for the Company and managing a proactive investor relations program. Among the business and development objectives were oversight of obtaining FDA approval for our hGH device, restructuring strategic contracts as well as development and partnership goals around Anturol and internal device projects. Among the organizational goals were goals relating to management relationships and processes. Dr. Wotton accomplished all seven of the goals set.

For 2009, Dr. Wotton's bonus target was 55% of his base salary if his base salary was \$385,000 or higher or 75% of his base salary if his base salary was less than \$385,000. Because the Compensation Committee increased Dr. Wotton's base salary to \$390,000 in January 2010, as described above, Dr. Wotton and the Compensation Committee agreed that the application of the 75% target to his 2009 base salary of \$337,000 was appropriate. In January 2010, the Compensation Committee determined that a bonus of 90% of his target award (75%) was appropriate given Dr. Wotton's overall performance and taking into account the relevant proportionate weight.

Mr. Apple had 6 goals in 2009 divided over the same categories as Dr. Wotton and weighted the same way. Mr. Apple's bonus target is 40% of his base salary. The corporate objective related to cash balance targets. The business and development objectives were obtaining FDA approval for our hGH device, restructuring strategic contracts as well as development and partnership goals around the device development projects. Among the organizational goals were goals relating to management relationships and processes. With input from Dr. Wotton, the Compensation Committee determined he achieved 90% of his goals. Based on his performance and taking into account the relevant weightings, the Compensation Committee, in consultation with Dr. Wotton, determined that a bonus of 90% of his target award (40%) was appropriate.

Dr. Carrara had 5 goals to accomplish in 2009 divided over the same categories as Dr. Wotton and weighted the same way. The corporate objective related to cash balance targets. The business and development objectives were obtaining development and partnership goals around Anturool and other gels. Among the organizational goals were goals relating to management relationships and processes. With input from Dr. Wotton, the Compensation Committee determined he achieved 20% of his goals. Dr. Carrara's bonus range is 20% to 35% of his base salary. Based on his performance and taking into account the relevant weightings, the Compensation Committee, in consultation with Dr. Wotton, determined that a bonus of 18% of his maximum potential award (35%) was appropriate.

Dr. Sadowski had 5 goals for 2009 divided over the same categories as Dr. Wotton and weighted the same way. The corporate objective related to cash balance targets. The business and development objectives were obtaining FDA approval for our hGH device and restructuring strategic contracts. Among the organizational goals were goals relating to management relationships and processes. With input from Dr. Wotton, the Compensation Committee determined he achieved 90% of his goals. Dr. Sadowski's bonus range is 20% to 35% of his base salary. Based on his performance and taking into account the relevant weightings, the Compensation Committee, in consultation with Dr. Wotton, determined a bonus of 90% of his maximum potential award (35%) was appropriate.

Based on the applicable performance ratings described above, payments to the named executive officers were as follows:

Name	Performance Measure	Percentage of Salary Payable at Target Award Level	Actual 2009 Bonus Award	Actual Award as Percentage of Maximum Target Award Opportunity
Dr. Paul K. Wotton	Corporate Discretionary	75%	62% of base salary	83%
Mr. Robert F. Apple	Corporate Discretionary	40%	36% of base salary	90%
Dr. Dario Carrara	Corporate Discretionary	20%-35%	6% of base salary	18%
Dr. Peter Sadowski	Corporate	20%-35%		90%

Discretionary

31.5% of base  
salary

For Dr. Wotton, Mr. Apple and Dr. Sadowski, the Compensation Committee determined to award two-thirds of the above bonuses in cash and one-third in restricted stock that will vest 100% on the third anniversary of the date of grant. The Compensation Committee determined that this was appropriate in order to preserve cash flow and to provide a long-term incentive to the executives to remain with the company and increase stockholder value. In accordance with applicable SEC regulations, the cash portion of award payments appears in the “Non-Equity Incentive Plan” column of the Summary Compensation Table and the restricted stock portion appears in a footnote

to the “Non-Equity Incentive Plan” column of the Summary Compensation Table indicating that it was granted in 2010.

#### Long-Term Incentives – Equity Compensation

##### Stock Options

We generally seek to position long-term incentive awards for our named executive officers to be approximately equivalent to the median level of our peer group. We utilize stock options as our principal form of long-term compensation. Our stock options:

- have a 10-year term (except for options granted to Swiss employees which have an eleven year term),
- typically vest as to the underlying shares as follows: 33 1/3% annually in 8.33% installments each calendar quarter until the underlying shares are fully vested, and
- have an exercise price equal to 100% of the fair market value per share on the date of grant, which we determine based on the closing price as reported on the NYSE Amex exchange on the date of grant.

We believe that stock options provide a strong incentive to increase stockholder value, because the value of the options is entirely dependent on the increase in the market price of our Common Stock following the date of grant.

Under our long-term incentive program, we grant stock options to each of our named executive officers on an annual basis. The size of the stock option grants is based on the executive’s performance over the preceding calendar year and competitive data provided by compensation consultants. For 2009, stock options were granted in November 2009 consistent with target percentages of the peer group of companies whereas 2008 option grants were used for employee retention purposes.

The size of option grants in 2009 to our named executive officers was decreased compared to 2008 based on fair value of the stock option due to a smaller grant size offset in part by a higher Common Stock price.

The Compensation Committee awarded the following stock options to each of our named executive officers in November 2009 based on their performance, their potential to add value to the Company in the future, and on the competitive data:

Name of Executive	Number of Shares Underlying Option Grant
Dr. Paul K. Wotton	150,000
Mr. Robert F. Apple	100,000
Dr. Dario Carrara	75,000
Dr. Peter Sadowski	75,000

In addition, in August 2009, based upon the recommendation from Dr. Wotton, the Compensation Committee awarded Dr. Sadowski a stock option to purchase 25,000 shares to reward him for his significant effort in connection with the FDA approval of our hGH device, restructuring certain strategic contracts and increasing cash flow.



The number of shares underlying options granted to the named executive officers in November 2009 are set forth on page 35 under the caption “Grants of Plan-Based Awards – 2009” table under the column heading, “All Other Option Awards: Number of Securities Underlying Options.” For additional information regarding stock option terms, see the narrative accompanying the Grants of Plan-Based Awards table. The dollar amount shown in the Summary Compensation Table reflects the aggregate grant date fair value of the option awards. See the footnotes to the Summary Compensation Table for further information.

## Stock Awards

During 2007, the Compensation Committee engaged a compensation consultant to advise them regarding certain considered changes in the structure of our long-term compensation. Based on the recommendations of the consultant, the Compensation Committee determined to utilize stock awards in addition to stock options for purposes of long-term compensation. The Compensation Committee determined that it would grant shares of our Common Stock based on achievement of performance targets set by the Compensation Committee. Mr. Apple had already been eligible to receive shares of Common Stock based on the achievement of preestablished performance targets pursuant to the terms of his employment agreement.

Dr. Wotton, Dr. Carrara and Dr. Sadowski are also eligible to receive awards of Common Stock under the terms of their new or amended employment agreements. The Committee established the goals for the executives at various Compensation Committee meetings. After the performance goals were established by the Compensation Committee, the goals were then communicated to the respective executive officer.

The following table summarizes the number of shares that may be earned by the executive officers upon the attainment of performance goals as established by the Compensation Committee. The shares are not granted until the performance goal is met.

Name of Executive	Number of Shares That May Be Awarded	Performance Goals
Dr. Paul K. Wotton	400,000	Divided among 14 categories with approximately equal weighting
Mr. Robert F. Apple	250,000	Spread evenly over 11 performance goals
Dr. Dario Carrara	280,000	Spread evenly over 14 performance goals
Dr. Peter Sadowski	175,000	Spread evenly over 14 performance goals

Dr. Wotton's 14 performance goals include annual revenue targets, profitability over an established time period, business development goals as well as product and device approvals. Two of Dr. Wotton's goals have been achieved as described below.

Mr. Apple's 11 performance goals include annual revenue targets above a certain threshold, cash flow targets, financing targets, development deal targets, internal department goals and market capitalization goals. Four of Mr. Apple's goals have been achieved, as described below.

Dr. Carrara's 14 goals include attainment of certain revenue goals for the Pharma division, acceptance and approval by applicable government agencies of products, revenue targets with respect to certain products and achieving certain strategic partnerships relating to products.

Dr. Sadowski's 14 performance goals include annual revenue targets, product and device approvals, revenue targets with respect to certain products and devices and product launch targets. Three of Dr. Sadowski's goals have been achieved, as described below.

The executive officers may achieve the goals at any time prior to December 31, 2010. Prior to December 31 of each year, the Compensation Committee will evaluate whether any of the performance criteria have been met, and if the Compensation Committee determines that the performance criteria have been met, the Compensation Committee will certify the results in writing prior to December 31 and the shares will be awarded on or after December 31 of the year for which the performance goal was achieved but not later than March 15 of the calendar year following the calendar year for which the goal was achieved. Additionally, if the Compensation Committee determines that a performance condition is no longer viable or of value based on changes in the strategic direction of the Company, the Compensation Committee shall have the discretion to waive or modify the performance criteria to more relevant criteria.

The Compensation Committee approves all grants of stock options and stock awards. In general, the Compensation Committee makes annual grants of stock options. The Compensation Committee may also make off-cycle grants for newly hired or newly promoted officers, and otherwise makes other grants only in special circumstances. The Compensation Committee makes stock awards upon the attainment of the applicable performance objectives.

In May 2007, after evaluation by the Compensation Committee, Mr. Apple was awarded 22,727 shares of Common Stock as a result of the consummation of a non-dilutive financing of \$5 million to \$10 million. This goal was carried over from Mr. Apple's employment agreement into Mr. Apple's performance stock bonus agreement awarded in October 2007 and counts toward the 250,000 shares of Common Stock Mr. Apple is eligible to receive in the aggregate under the terms of the performance stock bonus agreement.

In January 2008, after evaluation by the Compensation Committee, Mr. Apple was awarded 22,727 shares of Common Stock as a result of the consummation of an additional equity financing in excess of \$10 million.

In March 2009, based upon the Company's audited financial statements for 2008, the Compensation Committee determined that the \$5 million in annual revenue goal in place for Dr. Sadowski had been achieved and Dr. Sadowski was awarded 12,500 shares of Common Stock. In June 2009, the Compensation Committee determined that the goal relating to approval of the hGH device in place for Dr. Sadowski was met and Dr. Sadowski was awarded 12,500 shares of Common Stock.

In August 2009, the Compensation Committee reallocated the number of shares under Dr. Wotton's performance stock bonus award to the successful restructuring of certain strategic contracts and FDA approval of the hGH device in the United States and awarded Dr. Wotton 50,000 shares of Common Stock based upon achievement of those goals.

In November 2009, the Compensation Committee determined that the goal relating to the launch of the hGH device in place for Dr. Wotton, Mr. Apple and Dr. Sadowski had been achieved and accordingly, Dr. Wotton was awarded 25,000 shares of Common Stock, Mr. Apple was awarded 22,727 shares of Common Stock and Dr. Sadowski was awarded 12,500 shares of Common Stock.

In February 2010, the Compensation Committee determined that the goal relating to the cash flow objectives for the device business had been achieved and accordingly, Mr. Apple was awarded 22,727 shares of Common Stock.

We do not backdate grants of stock options or Common Stock, nor do we time grants to coincide with the release of material non-public information about us. We believe that our grant practices are appropriate and minimize questions regarding "timing" of grants in anticipation of material events, since grants become effective in accordance with standard grant procedures.

#### Perquisites

We do not have programs for providing personal benefit perquisites to executive officers, such as separate parking or dining facilities, except with respect to certain benefits provided to Dr. Carrara.

Under Dr. Carrara's employment agreement, since he is a citizen of Argentina living in Switzerland, we provide Dr. Carrara with a flat expense reimbursement, child care expenses, a housing allowance, a life insurance policy, an incremental health insurance policy, the cost of having his tax return completed by a professional accounting firm, an annual car allowance including insurance, lease and operating costs, an annual school allowance for the international school of his three children and the costs of two round trips from Switzerland to Buenos Aires per year. The total cost of the above perquisites for 2009 in U.S. dollars was \$163,492.

Broad-Based Programs

Our executive officers participate in our broad-based health plan and 401(k) savings plan. There is no mandatory matching provided by the Company during the year. Annually, the Compensation Committee determines if a discretionary match is to be made based on the performance and financial position of the Company. Under the 401(k) plan, we matched employee contributions at the rate of 50% for each dollar contributed up to the maximum

dollar amount that may be deferred under the 401(k) plan for 2009, excluding the age fifty or over “catch up” contribution. The matching contributions vest based on a four-year vesting schedule. Employees can designate the investment of their 401(k) accounts from among a broad range of mutual funds. We do not allow investment in our Common Stock through the 401(k) plan.

#### STOCK OWNERSHIP GUIDELINES

We do not have stock ownership guidelines or holding requirements.

#### ONGOING AND POST-EMPLOYMENT COMPENSATION

Our employment agreements with our named executive officers provide for special benefits upon certain types of termination events. These agreements were designed to be part of a competitive compensation package. The description of these agreements below does not include plans that are available generally to our salaried employees and provide for the same method of allocation of benefits for management and non-management employees.

##### Employment Agreements

Our employment agreements with Dr. Wotton, Mr. Apple, Dr. Carrara, and Dr. Sadowski provide for certain severance payments and other benefits if we terminate such named executive officer’s employment without cause, or with respect to Dr. Wotton’s and Mr. Apple’s agreements only, if the executive officer terminates employment for “good reason,” in each case, without regard to whether the termination occurs in the context of a change of control.

Under his amended employment agreement, Dr. Wotton is entitled to severance in the event of a termination without cause or for good reason both before and after a change of control equal to 12 months of his then-current base salary (or 24 months of base salary if Dr. Wotton is terminated without cause or resigns for good reason during the one-year period following a change of control in which the transaction proceeds equals or exceeds \$175 million), a pro-rated bonus payment for the year of termination based on actual performance and the number of days Dr. Wotton was employed by us in the year of his termination, continued health and dental benefits through COBRA subject to the same cost-sharing as if he were an employee for the shorter of 12 months or until the date he obtains coverage from a new employer and continued eligibility to receive performance stock bonuses for the 90-day period following Dr. Wotton’s termination of employment. Dr. Wotton is also entitled to the same severance payments and benefits if he voluntarily resigns without good reason within 30 days after a change of control or remains employed for a specified transition period following a change of control and then resigns without good reason within 30 days after the transition period.

Potential payments to our other named executive officers upon termination vary, but typically their employment agreements include provisions for continued salary payments and continued health and dental benefits through COBRA subject to the same cost-sharing as if he were an employee for either twelve months (for Mr. Apple) or six months (for Dr. Carrara and Dr. Sadowski) upon a termination without cause or upon termination without cause following a change of control. The employment agreement with Mr. Apple also provides for severance payments upon termination for “good reason.”

Termination for “good reason” generally means a termination initiated by Dr. Wotton or Mr. Apple in response to one or more of the following events: (1) a decrease in the base salary of the officer, (2) a decrease in the target annual bonus below a specified percentage, (3) a change in the designation of title, unless such change is to a higher title and level of responsibility, (4) a relocation of the principal business location, or (5) the Company’s failure to materially comply with the terms of the employment agreement.

Generally, a change of control under the employment agreements means: (1) the acquisition by any person or entity of 50 percent or more of the Company's then outstanding voting stock or voting securities; (2) a merger or consolidation as a result of which our stockholders do not own at least 50 percent of the value of our outstanding equity or combined voting power of our voting securities; or (3) a sale of all or substantially all of our assets occurs.

A named executive officer's employment may be terminated for "cause," which generally includes the following: (1) dishonesty, fraud or misrepresentation in connection with employment, (2) theft, misappropriation or

embezzlement of the Company's funds or resources, (3) conviction of or a plea of guilty in connection with any felony, crime involving fraud or misrepresentation, or any other crime, or (4) a breach by the officer of any material term of the employment agreement. In the event of termination for cause, the employment agreements generally require termination of all compensation as of the termination date, except as to amounts already earned.

Under our incentive compensation plans, outstanding stock options generally will fully vest upon a change of control. The value of the accelerated vesting benefit equals the number of shares as to which the stock options would vest on an accelerated basis upon the occurrence of the specified termination or change of control event, multiplied by the difference between the closing price per share of Common Stock and the exercise price per share for the affected options. However, except as provided below, grants that vest based upon the attainment of performance criteria will only vest upon a change of control as determined by the Committee.

The employment agreement with Mr. Apple stipulates that upon a change of control the portion of Mr. Apple's 250,000 performance shares that would have been issued upon the attainment of operational criteria shall be treated as fully earned and shall be granted to him. The portion that would have been issued upon the attainment of specific market-based criteria shall be issued if such market based criteria are attained as a result of the change of control. A total of 90,908 shares have been issued to Mr. Apple as a result of achievement of four goals described above. The balance (i.e., 159,092 shares) could be earned upon a change of control as described above.

#### TAX CONSIDERATIONS

Section 162(m) of the Code limits to \$1 million the deductibility for federal income tax purposes of annual compensation paid by a publicly held company to its chief executive officer and its four other highest paid executives, unless certain conditions are met. To the extent feasible, we structure our executive compensation to preserve deductibility for federal income tax purposes. In this regard, our stock option plans are designed to preserve, to the extent otherwise available, the deductibility of income realized upon the exercise of stock options. Nevertheless, we retain the flexibility to authorize compensation that may not be deductible if we believe it is in the best interests of the Company.

#### REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis required by SEC regulations. Based on its review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Anton G. Gueth (Chair)  
Dr. Leonard S. Jacob  
Dr. Rajesh C. Shrotriya  
Members of the Compensation Committee



## COMPENSATION TABLES

## SUMMARY COMPENSATION TABLE

The following table provides information regarding the compensation for 2009 and 2008 of our named executive officers.

Name and Principal Position	Year	Salary	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation (3)	Other Annual Compensation (4)	Total
Dr. Paul K. Wotton Chief Executive Officer	2009	\$337,000	\$59,500	\$91,238	\$140,000	\$8,250	\$635,988
	2008	152,888 (5)	80,000	318,021	83,407	7,445	641,761
Mr. Robert F. Apple Chief Financial Officer	2009	291,862	60,227	60,825	72,000	8,250	493,164
	2008	278,200	23,375	109,688	52,088	15,550	478,901
Dr. Dario Carrara, (6) Managing Director, Pharmaceutical Group	2009	308,526	-	45,619	19,268	163,492	536,905
	2008	300,056	23,375	45,782	28,418	198,893	596,524
Dr. Peter Sadowski Senior Vice President and Managing Director Parenteral Products Division	2009	221,900	21,250	59,446	51,000	8,250	361,846
	2008	208,650	31,875	86,355	33,735	16,750	377,365

- (1) The amounts shown for stock awards relate to shares granted under our 2008 Equity Compensation Plan. These amounts are equal to the aggregate grant date fair value of the awards and include both incremental restricted stock awards and potential shares that may be earned pursuant to performance based stock

awards. The full grant date fair value of the potential shares that may be earned upon achievement of a performance goal is included in this table in the year the performance goal is first determined to be probable of achievement, even if the expense for accounting purposes will be recorded in more than one year. The assumptions used in determining the amounts in this column are set forth in note 8 to our consolidated financial statements. For information regarding the number of shares subject to 2009 awards, other features of the award and the grant date fair value of the award, see the Grants of Plan-Based Awards Table on page 35.

The amounts shown for option awards relate to option awards granted under our 2008 Equity Compensation Plan. These amounts are equal to the aggregate grant date fair value of the awards. The assumptions used in determining the amounts in this column are set forth in note 8 to our consolidated financial statements. For information regarding the

- (2) number of shares subject to 2009 awards, other features of those awards, and the grant date fair value of the awards, see the Grants of Plan-Based Awards Table on page 35.

The amounts shown represent performance based incentive compensation paid in cash. For 2009, the amounts shown represent two-thirds of the performance based incentive compensation earned while one-third will be

- (3) paid in restricted stock. The restricted stock will be granted in 2010 and will vest 100% on the third anniversary of the date of grant. Dr. Wotton will receive 53,846 shares, Mr. Apple will receive 27,692 shares and Dr. Sadowski will receive 19,615 shares.

Other Annual Compensation for Dr. Carrara represents foreign employee allowances including housing, auto, tuition for dependents and home country travel expenses. The amounts for all other

- (4) executive officers include the value of discretionary matching contributions under the 401(k) plan and, for 2008, the value of auto allowances.

Dr. Wotton was appointed President and Chief Operating Officer on July 7, 2008 and was appointed

- (5) Chief Executive Officer on October 10, 2008. During 2009, his annual salary was \$337,000. Compensation for Dr. Carrara was in Swiss Francs and has been converted to U.S. dollars at the Swiss  
(6) Francs per U.S. dollar exchange rate of 1.038 at December 31, 2009.



## GRANTS OF PLAN-BASED AWARDS – 2009

The following table provides details regarding plan-based awards granted to our named executive officers in 2009.

Name	Grant Date	Threshold (#)	Target (#) (1)	Maximum (#)	All Other Stock Awards: Number of Shares or Units of Stock	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (3)
Dr. Paul K. Wotton	1/26/09		400,000					\$144,000
	11/12/09					150,000	\$1.10	91,238
Mr. Robert F. Apple	8/12/09		22,727					21,591
	11/12/09					100,000	1.10	60,825
Dr. Dario Carrara	11/12/09					75,000	1.10	45,619
Dr. Peter Sadowski	8/12/09					25,000	0.95	13,827
	11/12/09					75,000	1.10	45,619

- (1) The awards constitute potential shares which can be earned by meeting defined performance goals under our 2008 Equity Compensation Plan. The number of potential shares for Dr. Wotton was defined in his employment agreement in 2008; however, the terms of the awards were defined in 2009, therefore the grant date fair value was determined in 2009. Although the number of potential shares that could be earned was 400,000, the fair value presented in the table is based on 300,000 shares, as 100,000 potential shares are based on performance criteria that are no longer possible of achievement. The number of potential shares for Mr. Apple represents a potential performance award originally granted in a prior year for which the goal was redefined in 2009, thereby establishing a new grant date.
- (2) The option awards were granted under our 2008 Equity Compensation Plan. Option awards generally vest over three years, becoming exercisable as to 8.33% of the underlying shares quarterly following the date of grant. Option awards generally become fully exercisable in the event of the grantee's death, normal retirement or

termination of employment in connection with a change of control.

- (3) The grant date fair value is computed in accordance with Financial Accounting Standard Board Accounting Standard Codification Topic 718.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END — 2009

The following table provides details regarding outstanding equity awards for the named executive officers at December 31, 2009.

Name	Option Awards				Stock Awards			Equity
	Number of Securities Underlying Unexercised Options Exercisable (1)	Number of Securities Underlying Unexercised Options (1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(2)
Dr. Paul								
K. Wotton	2,500		\$0.8400	8/15/14	66,666	\$76,000	325,000	\$370,500
	5,000		1.4000	10/24/14				
	20,000		1.4000	1/2/15				
	20,000		1.5400	1/2/16				
	10,000		1.5500	5/2/16				
	30,000		1.6500	5/9/17				
	30,000		0.8500	5/13/18				
	133,333	266,667	0.8000	8/5/18				
	156,667	313,333	0.5000	10/19/18				
		150,000	1.1000	11/11/19				
Mr. Robert								
F. Apple	389,583	10,417	1.4300	2/9/16	18,334	20,901	181,819	207,274
	55,000	5,000	1.2300	1/15/17				
	33,333	6,667	1.6500	5/9/17				
	41,250	41,250	0.8500	5/13/18				
	83,333	166,667	0.4700	11/11/18				
		100,000	1.1000	11/11/19				
Dr. Dario								
Carrara	60,000		4.5630	3/22/12	18,334	20,901	280,000	319,200
	7,500		4.5630	2/1/13				
	125,000		1.7700	9/16/14				
	80,000		1.3200	12/28/15				
	90,000		1.5100	1/24/17				
	80,000		1.2600	10/31/17				

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	55,000	5,000	1.2300	1/15/17				
	33,333	6,667	1.6500	5/9/17				
	41,250	41,250	0.8500	5/13/19				
		75,000	1.1000	11/11/20				
Dr. Peter Sadowski								
Sadowski	30,000		1.5625	1/3/10	16,667	19,000	137,500	156,750
	50,000		4.5630	3/22/11				
	7,500		4.5630	2/1/12				
	125,000		1.7700	9/16/13				
	60,500		1.3200	12/28/14				
	50,000		1.5100	1/24/16				
	55,000	5,000	1.2300	1/15/17				
	25,000	5,000	1.6500	5/9/17				
	37,500	37,500	0.8500	5/13/18				
	58,333	116,667	0.4700	11/11/18				
	2,083	22,917	1.1000	8/11/19				
		75,000	1.1000	11/11/19				