

AMAG PHARMACEUTICALS INC.
Form DEF 14A
April 18, 2011

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

SCHEDULE 14A
(Rule 14a-101)

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

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 under §240.14a-12

AMAG PHARMACEUTICALS, 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:
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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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AMAG PHARMACEUTICALS, INC.

100 Hayden Avenue
Lexington, Massachusetts 02421

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 24, 2011

An Annual Meeting of Stockholders of AMAG Pharmaceuticals, Inc., or the Annual Meeting, will be held at The Westin Waltham Boston, 70 Third Avenue, Waltham, Massachusetts 02451 on Tuesday, May 24, 2011 at 9:00 a.m., local time, to consider and act upon the following matters:

- (1) To elect the seven nominees named herein to the Board of Directors to serve until the next Annual Meeting and until their successors have been elected and qualified;
- (2) To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this proxy statement;
- (3) To indicate, on an advisory basis, the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers;
- (4) To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011; and
- (5) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on March 31, 2011, or the Record Date, are entitled to notice of, and will be entitled to vote at, the Annual Meeting or any adjournments or postponements thereof. A list of the stockholders of record entitled to vote will be available for inspection at our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421 during the ten days prior to the Annual Meeting. Our stock transfer books will remain open between the Record Date and the date of the Annual Meeting.

By Order of the Board of Directors,

Joseph L. Farmer
Secretary

Lexington, Massachusetts
April 18, 2011

Whether or not you expect to attend the Annual Meeting, please complete, date and sign the enclosed proxy and mail it promptly in the envelope provided in order to assure representation of your shares. No postage need be affixed if the proxy is mailed in the United States. Do not send any certificates with your proxy card. Even if you have voted by proxy, you may still vote in person if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from that record holder. Please refer to the enclosed form for instructions.

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting
to Be Held on May 24, 2011 at 9:00 a.m. at The Westin Waltham Boston,
70 Third Avenue, Waltham, Massachusetts 02451.**

**This Proxy Statement, the Proxy Card, and the Company's 2010 Annual Report to Stockholders
are all available free of charge at www.amagpharma.com.**

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AMAG PHARMACEUTICALS, INC.

100 Hayden Avenue
Lexington, Massachusetts 02421

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 24, 2011**

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

The Annual Meeting

Our Board of Directors, or the Board, is soliciting your proxy to vote at our Annual Meeting to be held at The Westin Waltham Boston, 70 Third Avenue, Waltham, Massachusetts 02451 on Tuesday, May 24, 2011 at 9:00 a.m., local time, and at any adjournments or postponements of the Annual Meeting. This Proxy Statement explains the agenda, voting information and procedures. Please read it carefully. This Proxy Statement and accompanying form of proxy was first mailed to our stockholders on or about April 18, 2011.

At the Annual Meeting, the following proposals will be subject to a vote of our stockholders: (i) a proposal to elect Joseph V. Bonventre, M.D., Ph.D., Michael Narachi, Brian J.G. Pereira, M.D., Robert J. Perez, Lesley Russell, MB.Ch.B., MRCP, Davey S. Scoon, and Ron Zwanziger as directors; (ii) an advisory vote on the compensation of our named executive officers; (iii) an advisory vote on the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers; and (iv) a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011.

In this Proxy Statement, references to "Company," "AMAG," "we," "us," or "our" mean AMAG Pharmaceuticals, Inc. Any reference in this Proxy Statement to information found on our website, www.amagpharma.com, does not incorporate such information by reference into this Proxy Statement.

Who Is Entitled To Attend And Vote At The Annual Meeting?

Only stockholders of record at the close of business on March 31, 2011, or the Record Date, are entitled to attend and vote at the Annual Meeting. On the Record Date, there were 21,159,942 shares of common stock outstanding and entitled to vote.

Stockholders of Record: Shares Registered in Your Name

If on the Record Date your shares were registered directly in your name with our transfer agent/registrar, American Stock Transfer and Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on the Record Date your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting.

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How Many Votes Do I Have?

Each stockholder is entitled to one vote for each share of common stock held by such stockholder on the Record Date.

What Materials Should I Be Receiving In Connection With The Annual Meeting?

Our Annual Report, including audited financial statements for the year ended December 31, 2010, is being mailed to you along with this Proxy Statement. This Proxy Statement and the accompanying form of proxy were first mailed to our stockholders on or about April 18, 2011.

In order to reduce printing and postage costs, Broadridge Financial Solutions, Inc., or Broadridge, which handles the mailing of our Annual Report and proxy materials to our beneficial stockholders, participates in the practice of "householding" proxy statements and annual reports. This means that unless contrary instructions are received from one or more of these stockholders, only one copy of the Proxy Statement and Annual Report to stockholders is sent to multiple beneficial stockholders who share the same last name and address. Each stockholder will continue to receive a separate proxy card. We do not provide for householding directly for stockholders of record.

If you are eligible for householding, but you and other stockholders with whom you share an address wish to receive more than one copy of our current or future Proxy Statements and Annual Reports, please contact our Investor Relations Department at (617) 498-3300 or 100 Hayden Avenue, Lexington, Massachusetts, 02421, attention: Investor Relations Department, and we will promptly deliver to you a separate copy of this Proxy Statement and Annual Report at no charge. If you would like to receive separate copies of our Proxy Statement and Annual Report in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact Broadridge, your bank or your broker or contact our Investor Relations Department at the phone number or address above.

How Do I Vote?

If you are a stockholder of record, you may vote in person at the Annual Meeting or by proxy using the enclosed proxy card. Whether or not you plan to attend the Annual Meeting, we urge you to complete, sign and date the enclosed proxy card and return it in the envelope provided. No postage is required if your proxy card is mailed in the United States. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy. If you plan to attend the Annual Meeting and vote in person, we will give you a ballot or a new proxy card when you arrive.

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization. Simply complete and mail the proxy card to ensure that your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy. However, if your shares are held in the name of your broker, bank or other agent, you must bring an account statement or letter from the agent indicating that you were the beneficial owner of the shares on the Record Date for voting at the Annual Meeting. Positive identification will be required to vote your shares in person.

You may either vote "For" all the nominees to the Board or you may "Withhold" your vote for any nominee you specify. With regard to your advisory vote on the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers, you may vote for any one of the following: one year, two years or three years, or you may abstain from voting on that matter. For each of the other matters to be voted on, you may vote "For" or "Against" or abstain from voting.

Where you have specified a choice on the accompanying proxy card with respect to the proposals, your shares will be voted in accordance with your specifications. If you sign the proxy card but do not

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make specific choices, your shares will be voted (i) for the approval of the election of all seven nominees for director; (ii) for the advisory approval of the compensation of our named executive officers; (iii) for three years as the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers; and (iv) for the ratification of the appointment of PricewaterhouseCoopers, LLP as our independent registered public accounting firm for the year ending December 31, 2011, and authority will be deemed granted under Proposal 5.

If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, your shares will be voted in accordance with the judgment of the persons named in your proxy. At present, the Board knows of no other matters to be presented at the Annual Meeting.

What Does It Mean If I Receive More Than One Proxy Card?

If you receive more than one proxy card, your shares may be registered in more than one name or are registered in different accounts. Please complete, sign, date, and return all proxy cards to be sure that all of your shares are voted.

Can I Change My Vote After I Return My Proxy Card?

Yes. You may change your vote at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may provide timely written notice to us that you are revoking your proxy. Such notice should be sent to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, in itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

Can I Vote By Telephone Or Electronically?

A large number of banks and brokerage firms are participating in Broadridge's online program. This program provides eligible stockholders the opportunity to vote via the internet or by telephone. If your bank or brokerage firm is participating in Broadridge's program, your voting form will provide instructions. If your voting form does not reference internet or telephonic information, please complete and return the paper proxy card in the self-addressed, postage-paid envelope provided.

How Do I Vote If My Shares Are Held By My Broker?

If your shares are held by your broker in "street name," you will need to instruct your broker how to vote your shares in the manner provided by your broker. Your broker may also offer internet or telephonic voting, as described above.

What Are "Broker Non-Votes" and What Discretion Does My Broker Have To Vote My Shares Held In "Street Name?"

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed "non-routine." Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to

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matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the New York Stock Exchange, which govern this issue regardless of the exchange on which the company is listed, brokers have the discretion to vote those shares on "routine" matters. Routine matters include the ratification of our appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011. Pursuant to recent changes in New York Stock Exchange rules, the election of directors, the advisory vote on compensation paid to our named executive officers and the advisory vote regarding your preferred frequency of future advisory votes on the compensation of our named executive officers are considered non-routine matters. For non-routine matters, brokers do not have authority, discretionary or otherwise, to vote your shares unless they receive proper instructions to do so from you in a timely manner. We strongly encourage you to submit your proxy and exercise your right to vote as a stockholder.

How Many Votes Are Required To Approve Each Proposal?

For the election of directors. Our directors are elected by a plurality of the votes cast by stockholders entitled to vote at the Annual Meeting. If you do not vote for a particular nominee, or you withhold authority for one or all nominees, your vote will not count either "for" or "against" the nominee, although it will be counted for purposes of determining whether there is a quorum. Broker non-votes are not considered to have been voted "for" or "against" this proposal and have no practical effect on the outcome of the election of directors.

For the advisory vote on the compensation of our named executive officers. The affirmative vote of the holders of a majority of shares of common stock present or represented and voting at the Annual Meeting is required to approve the compensation of our named executive officers. Broker non-votes are not considered to have been voted "for" or "against" this proposal and have the practical effect of reducing the number of affirmative votes required to approve the compensation of our named executive officers. Abstentions, however, are included in the number of shares present or represented and voting on this proposal, and therefore, abstentions have the practical effect of a vote "against" approval of the compensation of our named executive officers.

For the advisory vote on the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers. We will consider the frequency option that receives votes from the holders of at least a majority of shares of common stock present or represented and voting at the Annual Meeting to be the frequency preferred by our stockholders. Broker non-votes are not considered to have been voted "for" or "against" any particular frequency option and have the practical effect of reducing the number of affirmative votes required to approve any given frequency option for this advisory vote. Abstentions, however, are included in the number of shares present or represented and voting on this proposal and, therefore, abstentions have the practical effect of making it more difficult for any one frequency option to receive votes from a majority of shares present or represented and voting at the Annual Meeting.

For the ratification of the appointment of PricewaterhouseCoopers LLP. The affirmative vote of the holders of a majority of shares of common stock present or represented and voting at the Annual Meeting is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011. Broker non-votes are not considered to have been voted "for" or "against" this proposal and have the practical effect of reducing the number of affirmative votes required to approve the ratification of the appointment of PricewaterhouseCoopers LLP. Abstentions, however, are included in the number of shares present or represented and voting on this proposal and, therefore, abstentions have the practical effect of a vote "against" approval of the ratification of the appointment of PricewaterhouseCoopers LLP.

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For other matters. The affirmative vote of the holders of a majority of shares of common stock present or represented and voting at the Annual Meeting is required to approve all other matters, if any, to be submitted to stockholders at the Annual Meeting. Broker non-votes are not considered to have been voted "for" or "against" any matter and have the practical effect of reducing the number of affirmative votes required to achieve a majority for such matter. Abstentions, however, are included in the number of shares present or represented and voting on each matter and, therefore, abstentions have the practical effect of a vote "against" any such matter. At present, the Board knows of no other matters to be presented for stockholder action at the Annual Meeting.

What Constitutes A Quorum At The Annual Meeting?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of at least a majority of the shares of common stock outstanding on the Record Date are present at the Annual Meeting in person or represented by proxy. On the Record Date, there were 21,159,942 shares of our common stock outstanding and entitled to vote.

Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted toward the quorum requirement. If there is no quorum, the holders of a majority of shares present at the Annual Meeting in person or represented by proxy may adjourn the meeting to another date.

How Are We Soliciting Proxies And Tabulating Votes?

We will bear all costs of solicitation of proxies. In addition, we have retained Georgeson Inc. to assist us in the mailing and distribution of our proxy materials and to solicit proxies on our behalf. We have agreed to pay approximately \$12,500, plus out-of-pocket expenses, to Georgeson Inc. for such proxy solicitation services. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. In addition to solicitations by mail, our directors, officers and employees, without additional remuneration, may also solicit proxies through telephone and in-person conversations. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names.

Votes will be tabulated by American Stock Transfer and Trust Company, LLC as our Transfer Agent/Registrar.

How Can I Find Out The Results Of The Voting At The Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amended Form 8-K to publish the final results.

When are stockholder proposals and director nominations due for next year's Annual Meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary and must be received by us no later than December 20, 2011. Proposals must satisfy the procedures set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

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If you wish to submit a proposal that is not to be included in next year's proxy materials or wish to nominate a director, you must submit such proposal or nomination in writing to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary. Such proposal or nomination must be received by us no earlier than January 25, 2012 and no later than February 24, 2012 and must satisfy the requirements described below under "*Stockholder Recommendations For Nominees As Directors And The Proposal Of Other Business.*" If the date of next year's annual meeting of stockholders is advanced by more than 30 days or delayed by more than 30 days from the anniversary of our 2011 Annual Meeting, any stockholder recommendation or proposal must be received by us no earlier than the close of business on the 120th day prior to such advanced or delayed annual meeting date and no later than the close of business on the later of (i) the 90th day prior to such advanced or delayed annual meeting date and (ii) the 10th day following the first public announcement of the meeting date.

In order to curtail controversy as to the date on which a proposal was received by us, we suggest that you submit your proposals by registered mail, return receipt requested.

You are also advised to review our by-laws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

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The following table sets forth information regarding the beneficial ownership of our common stock by certain individuals and entities. In general, "beneficial ownership" includes those shares a person or entity has the power to vote or transfer, and stock options and similar rights that are exercisable currently or within 60 days of the Record Date and restricted stock units, or RSUs, which are expected to vest within 60 days of the Record Date. The Record Date for the Annual Meeting was March 31, 2011. As of the Record Date, there were 21,159,942 shares of our common stock outstanding. The following table shows the amount of our common stock beneficially owned as of the Record Date by:

each person known by us to own beneficially more than 5% of our common stock;

each of our directors and nominees for director;

each of our named executive officers listed in the "Summary Compensation Table" included in this Proxy Statement; and

all of our directors and our current executive officers as a group.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding
Phillip Gross/Robert Atchinson(2) 200 Clarendon Street, 52 nd Floor Boston, Massachusetts 02116	3,723,909	17.6%
William Leland Edwards(3) 470 University Avenue Palo Alto, California 94301	3,376,777	16.0%
Sectoral Asset Management Inc.(4) 2120 1000 Sherbrooke Street West Montreal PQ H3A 3G4 Canada	1,502,775	7.1%
BlackRock, Inc.(5) 40 East 52 nd Street New York, New York 10022	1,385,828	6.5%
Pictet Funds Biotech(6) 1 Boulevard Royal Luxembourg L-2016 N4 2016	1,368,475	6.5%
Brian J.G. Pereira, M.D.(7)	346,614	1.6%
David A. Arkowitz(8)	108,431	*
Lee F. Allen, M.D., Ph.D.(9)	73,513	*
Michael Narachi(10)	33,561	*
Ron Zwanziger(11)	21,213	*
Davey S. Scoon(12)	18,540	*
Joseph V. Bonventre, M.D., Ph.D.(13)	16,750	*
Gary J. Zieziula(14)	15,000	*
Ricardo Zayas(15)	13,913	*
Robert J. Perez(16)	12,500	*
Lesley Russell, MB.Ch.B., MRCP(17)	9,033	*
All directors and current executive officers as a group (13 persons)(18)	753,905	3.5%

*

Less than 1%.

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- (1) Unless otherwise indicated, we believe that each stockholder referred to above has sole voting and investment power with respect to the shares indicated, and the address of each stockholder is: c/o AMAG Pharmaceuticals, Inc., 100 Hayden Avenue, Lexington, Massachusetts 02421.
- (2) Based solely upon a Schedule 13G, as amended, filed with the Securities and Exchange Commission, or the SEC, on February 14, 2011. Includes 3,723,909 shares beneficially owned by each of Adage Capital Partners, L.P., or ACP, Adage Capital Partners GP, L.L.C., or ACPGP, Adage Capital Advisors, L.L.C., or ACA, Robert Atchinson and Phillip Gross. ACPGP is the General Partner of ACP. ACA is the managing member of ACPGP. Robert Atchinson and Phillip Gross are managing members of ACA. Each of the foregoing have shared voting power and shared dispositive power with respect to the shares.
- (3) Based solely upon a Schedule 13D, as amended, filed with the SEC, on January 26, 2011. Includes 3,372,077 shares beneficially owned by each of Palo Alto Investors, LLC, Palo Alto Investors, Inc., and Anthony Joonkyoo Yun, MD. Palo Alto Investors, Inc. is the sole manager of Palo Alto Investors, LLC, a registered investment advisor. William Leland Edwards is the controlling shareholder of Palo Alto Investors, Inc. Dr. Yun is the President of Palo Alto Investors, Inc. and Palo Alto Investors, LLC. Each of the foregoing has shared voting and dispositive power with respect to 3,372,077 of the foregoing shares. Mr. Edwards has sole voting and dispositive power with respect to 4,700 of the shares.
- (4) Based solely upon a Schedule 13G, as amended, filed with the SEC on February 9, 2011. Includes 1,502,775 shares beneficially owned by Sectoral Asset Management Inc., in its capacity as an investment advisor. Jérôme G. Pfund and Michael L. Sjöström, together, hold majority shares of Sectoral Asset Management Inc.
- (5) Based solely upon a Schedule 13G, as amended, filed with the SEC on February 3, 2011.
- (6) Based solely upon a Schedule 13G, as amended, filed with the SEC on February 22, 2011.
- (7) Includes 341,614 shares issuable to Dr. Pereira pursuant to options currently exercisable or exercisable within 60 days of the Record Date.
- (8) Includes 107,375 shares issuable to Mr. Arkowitz pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 750 shares issuable to Mr. Arkowitz pursuant to RSUs expected to vest within 60 days of the Record Date.
- (9) Includes 71,562 shares issuable to Dr. Allen pursuant to options currently exercisable or exercisable within 60 days of the Record Date.
- (10) Comprised of 28,561 shares issuable to Mr. Narachi pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 5,000 shares issuable to Mr. Narachi pursuant to RSUs expected to vest within 60 days of the Record Date.
- (11) Comprised of 18,713 shares issuable to Mr. Zwanziger pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 2,500 shares issuable to Mr. Zwanziger pursuant to RSUs expected to vest within 60 days of the Record Date. Excludes 2,500 shares held in trust for the benefit of Mr. Zwanziger's children. Mr. Zwanziger's sister maintains sole investment and voting power with respect to the shares held by the trust.
- (12) Comprised of 16,040 shares issuable to Mr. Scoon pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 2,500 shares issuable to Mr. Scoon pursuant to RSUs expected to vest within 60 days of the Record Date.
- (13) Comprised of 14,250 shares issuable to Dr. Bonventre pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 2,500 shares issuable to Dr. Bonventre pursuant to RSUs expected to vest within 60 days of the Record Date.

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- (14) Comprised of 12,500 shares issuable to Mr. Zieziula pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 2,500 shares issuable to Mr. Zieziula pursuant to RSUs expected to vest within 60 days of the Record Date.
- (15) Includes 12,500 shares issuable to Mr. Zayas pursuant to options currently exercisable or exercisable within 60 days of the Record Date. In February 2011, Mr. Zayas resigned from the Company and therefore, such exercisable options will expire 90 days after his date of resignation.
- (16) Comprised of 10,000 shares issuable to Mr. Perez pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 2,500 shares issuable to Mr. Perez pursuant to RSUs expected to vest within 60 days of the Record Date.
- (17) Comprised of 7,133 shares issuable to Dr. Russell pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 1,900 shares issuable to Dr. Russell pursuant to RSUs expected to vest within 60 days of the Record Date.
- (18) Includes 726,498 shares issuable to all of our directors and current executive officers as a group pursuant to options currently exercisable or exercisable within 60 days of the Record Date and 20,150 shares issuable to all of our directors and current executive officers as a group pursuant to RSUs expected to vest within 60 days of the Record Date.

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Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock, referred to herein as "Reporting Persons," to file with the SEC, initial reports of ownership and reports of changes in ownership of our common stock. Such persons are required by regulations of the SEC to furnish us with copies of all such filings. Based on our review of the copies of such filings received by us with respect to the year ended December 31, 2010, and written representations from our directors and executive officers who served in such capacity during the year ended December 31, 2010, we believe that all Reporting Persons complied with all Section 16(a) filing requirements for the year ended December 31, 2010.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions Policy and Procedures

Related person transactions have the potential to create actual or perceived conflicts of interest between the Company and its directors and executive officers or their immediate family members. In accordance with our policy regarding related person transactions and its charter, the Audit Committee of our Board is charged with the responsibility of reviewing and approving or ratifying any related person transactions. To assist in identifying such transactions, the Company distributes questionnaires to its directors and officers on an annual basis.

Current SEC rules define a related person transaction to include any transaction, arrangement or relationship in which the Company is a participant and in which any related person, which is comprised of the following persons, has or will have a direct or indirect interest:

an executive officer, director or director nominee of the Company;

any person who is known to be the beneficial owner of more than 5% of the Company's common stock;

any person who is an immediate family member (as defined under Item 404 of Regulation S-K) of an executive officer, director or director nominee or beneficial owner of more than 5% of the Company's common stock; or

any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person, together with any of the foregoing persons, has a 5% or greater beneficial ownership interest.

Our Board has adopted a written related person transactions policy, which provides that any related person transaction shall be consummated or shall continue only if:

the Audit Committee approves or ratifies such transaction in accordance with our related person transactions policy and if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third person;

the transaction is approved by the majority of the disinterested members of the Board; or

if the transaction involves compensation, it is approved by the Compensation Committee or the Board.

The policy defines related persons to include those defined as such under the current SEC rules described above and a related person transaction as a transaction between the Company and any related person (including those transactions defined as related person transactions under the current SEC rules), provided that transactions between a related person and the Company that are available to all employees generally and transactions with a related person in a given fiscal year that involve an aggregate of less than \$10,000 must be reported to the Board but do not require approval under the policy.

Under the policy, related person transactions should be submitted to the Audit Committee for approval or preliminarily entered into by management subject to ratification by the Audit Committee, provided, that, if such ratification shall not be forthcoming, management must make all reasonable efforts to cancel or annul such transaction. In determining whether to approve a related person transaction, consideration is given to whether approval thereof would affect the independent status of any current member of our Board. If approval of a transaction would cause less than a majority of our Board to be independent, such transaction will not be approved.

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Transactions with Related Persons

We have entered into indemnification agreements with all of our directors and executive officers. We also intend to execute these agreements with our future executive officers and directors.

We have also entered into certain arrangements with our executive officers with respect to change of control and severance arrangements. See the sections below entitled "*Change of Control and Severance Compensation*" and "*Potential Payments Upon Termination or Change of Control*" for a description of the terms of such arrangements.

We also regularly grant equity awards to our executive officers and our non-employee directors. See "*Director Compensation*" and "*Executive Officers and Compensation*" below for a description of our general policies and practices with respect to such grants.

LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 145 of the General Corporation Law of Delaware, or Section 145, empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation or another enterprise if serving at the request of the corporation. Depending on the character of the proceeding, a corporation may indemnify against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the person indemnified acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. In the case of an action by or in the right of the corporation, no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the court shall deem proper. Section 145 further provides that to the extent a present or former director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection therewith.

Our Certificate of Incorporation, as amended, provides that we shall, to the fullest extent permitted by law, indemnify all of our directors, officers, employees and agents. The Certificate of Incorporation also contains a provision eliminating the liability of our directors to the Company or our stockholders for monetary damages, to the fullest extent permitted by law. The Certificate of Incorporation also permits us to maintain insurance to protect the Company and any director, officer, employee or agent against any liability, whether or not we would have the power to indemnify such persons under the General Corporation Law of Delaware. The Certificate of Incorporation also permits us to enter into agreements with any director, officer, employee or agent providing for indemnification rights equivalent to or greater than the indemnification rights set forth in the Certificate of Incorporation. We have entered into indemnification agreements with all of our directors and our executive officers and certain of our employees.

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PROPOSAL 1: ELECTION OF DIRECTORS

You are being asked to vote for seven directors at this Annual Meeting. If you are voting by proxy, the persons named in the enclosed proxy will vote to elect as directors the seven nominees named below, all of whom are currently directors of the Company, unless you withhold authority to vote for the election of any or all of the directors by marking the proxy to that effect.

Each director elected will hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. Each of the nominees has indicated his or her willingness to serve, if elected, but if a nominee should be unable to serve, the proxies may be voted for a substitute nominee designated by us.

Nominees

The Nominating and Corporate Governance Committee of our Board has not established specific minimum qualifications for recommended nominees or specific qualities or skills for our directors to possess. However, our Corporate Governance Guidelines provide that the backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities. In considering candidates to serve as directors, the Nominating and Corporate Governance Committee uses a subjective process for identifying and evaluating nominees for director based on consideration of all factors it deems relevant. In addition, our Corporate Governance Guidelines set forth general criteria for nomination as a director, which include the following:

Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.

Nominees should have demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.

Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.

Nominees should have the interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, governmental units, creditors and the general public, and to act in the interests of all stockholders.

Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.

Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. The value of diversity on the Board should be considered.

Nominees should normally be able to serve for at least five years before reaching the age of 80.

Our Corporate Governance Guidelines also provide that the re-nomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. The Nominating and Corporate Governance Committee considers the existing directors' performance on our Board and its committees in making its nomination recommendations.

The brief biographies below include information, as of the date of this Proxy Statement, regarding the specific and particular experience, qualifications, attributes or skills of each nominee that led the

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Nominating and Corporate Governance Committee to believe that that nominee should continue to serve on the Board. However, each of the members of the Nominating and Corporate Governance Committee may have a variety of reasons why he or she believes a particular person would be an appropriate nominee for the Board, and these views may differ from the views of other members.

Joseph V. Bonventre, M.D., Ph.D., age 61, has been a director since February 2008. Dr. Bonventre has been the Director of the Renal Division of the Brigham and Women's Hospital since 2002, and is the Samuel A. Levine Professor of Medicine at Harvard Medical School and Professor of Health Sciences and Technology at the Massachusetts Institute of Technology. He has also been elected to the American Society of Clinical Investigation, the Association of American Physicians and the American Institute for Medical and Biological Engineering, and is a member of the Council and the President of the American Society of Nephrology. Dr. Bonventre was the Chair of the Kidney Group of the Harvard Stem Cell Institute from 2004 to 2009 and has chaired or co-chaired the Stem Cell, Regenerative Medicine and Tissue Engineering Center of the Brigham and Women's Hospital Research Institute since 2007. He has received the Osler Medal of the Royal Society of Physicians and the Bywaters Award of the International Society of Nephrology. Dr. Bonventre is a charter member of the Board of Directors of the National Space Biology Research Institute and has been a member of the Board of Advisors of the Dean of the School of Engineering at Cornell University since 2004. He is past President and currently a member of the Board of Directors of the National Kidney Foundation Serving New England. He also co-founded Patientkeeper Inc., a provider of integrated physician information systems, in the 1990s and Pacific Biosciences, Inc., a biotechnology company, in 2002. He has served on the Board of Directors of Patientkeeper, Inc. and the National Kidney Foundation of Massachusetts, Rhode Island, New Hampshire and Vermont and has been a member of the Scientific Advisory Board or Medical Advisory Board of a number of biotechnology companies. Dr. Bonventre holds a B.S. in Engineering Physics from Cornell University and an M.D. and Ph.D. in Biophysics from Harvard University. The Nominating and Corporate Governance Committee believes that Dr. Bonventre's extensive research in the field of nephrology, his medical training and expertise, his extensive participation on the scientific and medical advisory boards of numerous pharmaceutical and biotechnology companies and his advisory experience with the U.S. Food and Drug Administration provides the Board with critical and unique medical and scientific insight as the Company seeks to expand its Feraheme® (ferumoxyl) Injection clinical development programs in both the United States and abroad and evaluate potential acquisition and in-licensing opportunities.

Michael Narachi, age 51, has been a director since November 2006. Mr. Narachi is currently President and Chief Executive Officer of Orexigen Therapeutics, Inc., or Orexigen, a publicly traded biopharmaceutical company. Prior to joining Orexigen in 2009, he served as Chairman, Chief Executive Officer and President of Ren Pharmaceuticals, Inc., a biotechnology company, from 2006 until 2008. He served as Executive Chairman of the Board of Directors of Naryx Pharma, Inc., a pharmaceutical company, from August 2004 to April 2008. In 2004, Mr. Narachi retired as an officer and Vice President of Amgen Inc., or Amgen, a leading therapeutics company, where he served as General Manager of Amgen's Anemia Business from 1999 to 2004. Mr. Narachi joined Amgen in 1984 and held various positions throughout the organization including: Product Development Team Leader for NEUPOGEN®; Director of Clinical Operations in Thousand Oaks, CA and Cambridge, U.K.; Vice President of Development and Representative Director for Amgen Japan; Head of Corporate Strategic Planning; Chief Operations Officer of Amgen BioPharma; and Vice President, Licensing and Business Development. Mr. Narachi received a B.S. and M.A. degree in Molecular Genetics from the University of California at Davis. He completed the Executive M.B.A. program at the Anderson Graduate School of Management at the University of California, Los Angeles. The Nominating and Corporate Governance Committee believes that, in addition to his more recent experience as chief executive of multiple biotechnology/biopharmaceutical companies, Mr. Narachi's twenty year career at Amgen, during which he held numerous positions of increasing operational and strategic responsibility, including positions in which he had responsibility for pharmaceutical product development and

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commercialization, provides the Board with critical insight and experience as the Company seeks to advance the worldwide development and commercialization of *Feraheme*. In particular, the Nominating and Corporate Governance Committee believes that Mr. Narachi's experience as General Manager of Amgen's Anemia Business provides the Board with unique and highly specialized experience in commercializing a pharmaceutical product which is indicated for the treatment of anemia, such as *Feraheme*.

Brian J.G. Pereira, M.D., age 52, has been a director since July 2004. Dr. Pereira has been President of the Company since November 2005 and Chief Executive Officer of the Company since November 2006. Prior to joining the Company, he was President and Chief Executive Officer of the New England Health Care Foundation, a physician's group at Tufts-New England Medical Center, from 2001 to 2005, and held various other positions at Tufts-New England Medical Center from 1993 to 2001. He is a Professor of Medicine at Tufts University School of Medicine and at the Sackler School of Biomedical Sciences of Tufts University. Dr. Pereira served as President of the National Kidney Foundation from 2002 to 2004, and has served on the editorial board of twelve scientific journals. He has also served as a director of Biondi, Inc., a public pharmaceutical company, since 2007 and was elected Chairman of the Board of Biondi, Inc. in March 2011. In addition, Dr. Pereira is Chairman of the Board of Advisors of the Harvard-MIT Biomedical Enterprise Program. Dr. Pereira received his M.B.B.S. from St. John's Medical College, Bangalore, India and his M.B.A. from the Kellogg School of Management, Northwestern University. The Nominating and Corporate Governance Committee believes that Dr. Pereira's extensive medical training and his position as a worldwide thought leader in the areas of nephrology and chronic kidney disease provide the Board with unique and highly specialized expertise which is essential as the Company seeks to advance the worldwide development and commercialization of *Feraheme*. In addition, the Nominating and Corporate Governance Committee believes that Dr. Pereira's extensive experience and substantial understanding of the Company and its operations as the result of Dr. Pereira's seven years as a Board member and six years as an executive officer of the Company, brings necessary historical knowledge, leadership skills and continuity to the Board.

Robert J. Perez, age 46, has been a director since January 2009. He is currently Executive Vice President and Chief Operating Officer of Cubist Pharmaceuticals, Inc., or Cubist, a public pharmaceutical company. Mr. Perez joined Cubist in 2003 as Senior Vice President, Sales and Marketing, and led the launch of Cubicin® (daptomycin for injection). Prior to joining Cubist, he served as Vice President of Biogen, Inc.'s CNS Business Unit from 2001 to 2003, where he was responsible for commercial leadership of an \$800 million neurology business unit, and from 1995 to 2001 he held positions of increasing responsibility within the commercial organization. From 1987 to 1995 Mr. Perez held various sales and marketing positions at Zeneca Pharmaceuticals. He also served as a member of the Board of Directors of Epix Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company, from 2006 to 2009. Mr. Perez received a B.S. from California State University, Los Angeles and an M.B.A. from the Anderson Graduate School of Management at the University of California, Los Angeles. Mr. Perez has been a member of the Board of Advisors of the Citizen School of Massachusetts and a director of the Harvard-MIT Biomedical Enterprise Program since 2010. The Nominating and Corporate Governance Committee believes that Mr. Perez' twenty plus years of sales and marketing experience within the pharmaceutical and biotechnology industries has provided him with valuable commercial and operational experience, as well as leadership skills that are important to the Board. In particular, Mr. Perez' experience leading the launches of highly successful specialty pharmaceutical products is especially valuable to the Board as the Company continues to commercialize *Feraheme* in the United States.

Lesley Russell, MB.Ch.B., MRCP, age 50, has been a director since December 2009. She is currently Executive Vice President and Chief Medical Officer of Cephalon, Inc., or Cephalon, a public pharmaceutical company. Dr. Russell joined Cephalon in 2000 as Vice President, Worldwide Clinical

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Research, and currently leads Cephalon's global clinical, medical, regulatory, biometrics and drug safety organizations. Prior to Cephalon, Dr. Russell served as Vice President, Clinical Research at US Bioscience Inc., a pharmaceutical company, and held positions of increasing responsibility within US Bioscience, Inc. from 1996 to 1999. From 1995 to 1996, she was a clinical research physician at Eli Lilly U.K. and a Medical Director at Amgen U.K. from 1992 to 1995. Dr. Russell was trained in Hematology/Oncology at Royal Infirmary of Edinburgh and at Royal Hospital for Sick Children, Edinburgh. She received an MB.Ch.B. from the University of Edinburgh, Scotland and is a member of the Royal College of Physicians, United Kingdom. Dr. Russell is registered with the General Medical Council, United Kingdom. The Nominating and Corporate Governance Committee believes that Dr. Russell's broad-based expertise leading clinical research and development, medical, regulatory, and drug safety organizations, as well as her medical training, allow her to make valuable contributions to the medical and scientific understanding of the Board, which is particularly important as the Company initiates and progresses numerous late-stage clinical development programs with respect to *Feraheme* and evaluates acquisition and in-licensing opportunities.

Davey S. Scoon, age 64, has been a director since December 2006. Mr. Scoon serves as Chairman of the Board of Directors of Tufts Health Plan, where he has been a director since 1981. He also serves as Chairman of the Board of Trustees of Allianz Funds, a registered investment company consisting of 33 mutual funds, where he has been a director since 2006. Mr. Scoon is the Chairman of the Audit Committee of Cardiokine, Inc., a pharmaceutical company, where he has been a director since 2005. He has been an Adjunct Assistant Professor at Tufts University School of Medicine since 2005. He also previously served as the Chairman of the Audit Committee of NitroMed, Inc., a public pharmaceutical company, from 2003 to 2009, and a member of the Board of Directors of Inotek Pharmaceuticals Corporation, a pharmaceutical company, from 2006 to 2009. From 2003 to 2005, Mr. Scoon was Chief Administrative and Financial Officer of Tom's of Maine, a company that manufactures natural care products. From 2001 to 2003, Mr. Scoon served as Chief Financial and Administrative Officer for Sun Life Financial U.S., and from 1999 to 2001, Mr. Scoon served as Vice President and Chief Financial Officer for Sun Life Financial U.S. From 1985 to 1999, Mr. Scoon was employed by Liberty Funds Group of Boston (formerly Colonial Management) in various capacities, including Chief Financial Officer and Chief Operating Officer. Mr. Scoon holds a B.B.A. from the University of Wisconsin and an M.B.A. from Harvard Business School. The Nominating and Corporate Governance Committee believes that Mr. Scoon's extensive financial, accounting, human resources, and risk management experience gained through the various executive and board positions he has held over the past thirty years provides the Board with valuable and highly specialized expertise and advice, particularly in Mr. Scoon's role as the Chairman of the Audit Committee.

Ron Zwanziger, age 57, has been a director since November 2006. Mr. Zwanziger has served as Chairman and Chief Executive Officer of Alere, Inc., formerly known as Inverness Medical Innovations, Inc., a public consumer-focused company, since 2001. From 1992 to 2001, he served in the same capacity at Inverness Medical Technology, Inc., a consumer-focused company he founded that developed proprietary technologies and manufacturing processes. From 1981 to 1991, Mr. Zwanziger was Chairman, Chief Executive Officer and Founder of Medisense, Inc. Mr. Zwanziger received his undergraduate degree from Imperial College and his M.B.A. from Harvard Business School. The Nominating and Corporate Governance Committee believes that, by virtue of Mr. Zwanziger's lengthy tenure as Chief Executive Officer of several high-growth companies, he provides the Board with valuable strategic, operational, and leadership skills and experience. In particular, the Nominating and Corporate Governance Committee believes that Mr. Zwanziger's extensive experience in the areas of mergers and acquisitions and corporate finance will provide the Board with important perspective as the Company seeks to execute on its long-term plans.

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Vote Required

Our directors are elected by a plurality of the votes cast by stockholders entitled to vote at the Annual Meeting. If you do not vote for a particular nominee, or you withhold authority for one or all nominees, your vote will not count either "for" or "against" the nominee, although it will be counted for purposes of determining whether there is a quorum.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
A VOTE "FOR" THE NOMINEES LISTED ABOVE.**

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD OF DIRECTORS

The Board has determined that, other than Dr. Pereira, each current director is "independent" as such term is defined in the listing standards of the NASDAQ Global Select Market, or NASDAQ, and SEC rules. The Board has affirmatively determined that no independent director has any material relationship with us that would interfere with the exercise of independent judgment.

In reaching the foregoing conclusion, the Board considered that Dr. Pereira has an adjunct appointment in the Renal Division of the Brigham and Women's Hospital, where one of our directors, Dr. Bonventre, is the Director of the Renal Division. The Board also considered the fact that Dr. Bonventre's daughter is employed by our independent registered public accounting firm, PricewaterhouseCoopers LLP. The Board determined that neither of the foregoing relationships compromised the independence of Dr. Bonventre or his status as a non-employee director.

MEETINGS OF THE BOARD OF DIRECTORS

Our Board met fourteen times and acted by unanimous written consent twice during the year ended December 31, 2010. Each director participated in at least 75% of the aggregate number of meetings of the Board and of the committees of the Board on which he or she served during the portion of the last fiscal year for which such person was a director or committee member. It is our policy that our directors are expected to attend each annual meeting of stockholders. All of our then serving directors attended our Annual Meeting for the year ended December 31, 2009.

In addition, our independent directors meet regularly and at least annually in executive session without the presence of our non-independent director and management.

COMMITTEES OF THE BOARD OF DIRECTORS

Under our by-laws, our Board may designate committees comprised of members of the Board to exercise the power and authority of the Board in the management of the business and affairs of the Company, subject to limitations imposed by law. Our Board currently has the following permanent committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate

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Governance Committee. The following table provides membership information for the current composition of these committees:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Joseph V. Bonventre, M.D., Ph.D.			X
Michael Narachi		X	
Brian J.G. Pereira, M.D.			
Robert J. Perez	X	X*	
Lesley Russell, MB.Ch.B., MRCP	X		
Davey S. Scoon	X*	X	X
Ron Zwanziger			X*

*

Committee Chairman

Audit Committee

Our Board has a standing Audit Committee, currently composed of Messrs. Scoon (Chairman) and Perez and Dr. Russell, each of whom is "independent" as such term is defined in the listing standards of the NASDAQ and SEC rules. Based on Mr. Scoon's extensive financial and accounting experience gained through the various executive and board positions he has held over the past thirty years, including his tenure as Chief Financial Officer and/or Chief Administrative Officer of several companies, our Board has determined that Mr. Scoon qualifies as an "audit committee financial expert" as defined by SEC rules. The Board has also determined that Mr. Perez and Dr. Russell possess the requisite financial sophistication to qualify them for service on the Audit Committee in accordance with SEC rules. The current charter of the Audit Committee is available on our website at www.amagpharma.com, under the heading "Investors."

Pursuant to its charter, the Audit Committee's general responsibilities include, among other things, the following:

Evaluating and selecting our independent registered public accounting firm;

Reviewing our audited and unaudited financial statements;

Reviewing and discussing the adequacy of our internal financial and accounting processes and internal control over financial reporting with management and our independent registered public accounting firm;

Supervising the relationship between the Company and our independent registered public accounting firm;

Reviewing and authorizing the scope of both audit and non-audit services and related fees;

Evaluating the independence of our independent registered public accounting firm; and

Reviewing and approving related person transactions.

The Audit Committee is empowered to engage such independent advisors, including external consultants, as it deems necessary or appropriate to carry out its responsibilities. The Audit Committee conducted nine formal meetings during the year ended December 31, 2010.

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Report of the Audit Committee¹

The Audit Committee has reviewed and discussed our audited financial statements for the year ended December 31, 2010 with management of the Company. The Audit Committee has discussed with PricewaterhouseCoopers LLP, our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board, or PCAOB, in Rule 3200T. The Audit Committee has met with PricewaterhouseCoopers LLP, with and without management present, to discuss the results of its examinations, its evaluation of our internal control over financial reporting, and the overall quality of our financial reporting. The Audit Committee has also received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee has discussed with PricewaterhouseCoopers LLP that firm's independence from management and the Company and considered the compatibility of the firm's provision of non-audit services with maintaining the firm's independence and found the provision of such services to be compatible with the firm's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee concluded that it would be reasonable to recommend, and on that basis did recommend, to the Board (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

Respectfully Submitted by the Audit Committee of the Board of Directors of AMAG Pharmaceuticals, Inc.,

Davey S. Scoon, Chairman
Robert J. Perez
Lesley Russell

¹

The material in this report is not "soliciting material," is furnished to, but not deemed "filed" with, the SEC and is not deemed to be incorporated by reference in any filing of the Company under the Exchange Act, other than the Company's Annual Report on Form 10-K, where it shall be deemed to be "furnished," whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Compensation Committee

Our Board has a standing Compensation Committee, currently composed of Messrs. Perez (Chairman), Narachi and Scoon, each of whom is "independent" as such term is defined in the listing standards of the NASDAQ and SEC rules and is a "non-employee director" under applicable SEC rules. The current charter of the Compensation Committee is available on our website at www.amagpharma.com, under the heading "Investors." The Compensation Committee conducted twelve formal meetings, and the Committee or its Chairman acted by unanimous written consent twice during the year ended December 31, 2010.

Pursuant to its charter, the Compensation Committee's general responsibilities include, among other things, the following:

The review, negotiation, authorization and approval of the recruitment, hiring and compensation for any of our executive officers, other than our Chief Executive Officer or President, and any other of our officers with a title of Senior Vice President or higher;

The review and recommendation to the full Board for approval of the compensation of our Chief Executive Officer, President and any other officer position with a title of Senior Vice

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President or higher which was not provided for in a Board-approved budget, each of which must be approved by all independent members of the Board;

Subject to certain limitations, the administration and grant of awards under our existing stock option, stock incentive, employee stock purchase and other equity-based award plans;

The review and recommendation to the full Board with respect to certain incentive compensation plans and director compensation plans; and

The engagement of independent advisors as it deems necessary or appropriate to carry out its responsibilities.

Compensation Committee Interlocks and Insider Participation

None of the directors who served on the Compensation Committee during fiscal 2010, including Messrs. Perez, Narachi and Scoon, is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party. During the year ended December 31, 2010, none of our executive officers served as a member of the board of directors or compensation committee of any entity that has one or more executive officers who serve on our Board or our Compensation Committee.

Compensation Committee Report²

The Compensation Committee has reviewed the "*Compensation Discussion and Analysis*" section of this Proxy Statement and discussed such section with management. Based on its review and discussions and its ongoing involvement with executive compensation matters, the Compensation Committee recommended to the Board that the "*Compensation Discussion and Analysis*" section of this Proxy Statement be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2010. This report is provided by the following independent directors who comprise the Compensation Committee:

Robert J. Perez, Chairman
Michael Narachi
Davey S. Scoon

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The material in this report is not "soliciting material," is furnished to, but not deemed "filed" with, the SEC and is not deemed to be incorporated by reference in any filing of the Company under the Exchange Act, other than the Company's Annual Report on Form 10-K, where it shall be deemed to be "furnished," whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Nominating and Corporate Governance Committee

Our Board has established a standing Nominating and Corporate Governance Committee, which is currently composed of Messrs. Zwanziger (Chairman) and Scoon and Dr. Bonventre, each of whom is "independent" as such term is defined in the listing standards of the NASDAQ and SEC rules. The current charter for the Nominating and Corporate Governance Committee is available on our website at www.amagpharma.com, under the heading "*Investors*." The Nominating and Corporate Governance Committee conducted one formal meeting during the year ended December 31, 2010.

Pursuant to its charter, the Nominating and Corporate Governance Committee's general responsibilities include, among other things, the following:

Identifying individuals qualified to become members of our Board;

Selecting or recommending the director nominees for each annual meeting of stockholders or when vacancies occur;

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Developing and recommending to the Board a set of corporate governance guidelines applicable to the Company and periodically reviewing such guidelines; and

Providing oversight of and guidance with respect to our internal compliance program.

Although the Nominating and Corporate Governance Committee has not established specific minimum qualifications for recommended nominees or specific qualities or skills for our directors to possess, our Corporate Governance Guidelines provide that the backgrounds and qualifications of the directors, considered as a group, should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities. In addition, our Corporate Governance Guidelines set forth certain general criteria for nomination as a director, which are discussed in further detail under the heading "*Nominees*" above.

As provided in the criteria set forth in our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee believes that the value of diversity on the Board should be considered as one of a number of factors that it takes into account in evaluating nominees and the Board as a whole. For this purpose the Nominating and Corporate Governance Committee evaluates diversity in terms of race, religion, national origin, gender, sexual orientation, and disability, as well as differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to heterogeneity on the Board.

Our Corporate Governance Guidelines also provide that the re-nomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. The Nominating and Corporate Governance Committee considers the existing directors' performance on our Board and its committees in making its nomination recommendations. In seeking candidates for directors, members of our Nominating and Corporate Governance Committee may use their business, professional and personal contacts, accept the recommendations from other Board members, stockholders or management, or engage a professional search firm.

The nominations for the election of directors at the Annual Meeting contained in this Proxy Statement are based upon the unanimous recommendation of the Nominating and Corporate Governance Committee to the full Board in April 2011.

Stockholder Recommendations For Nominees As Directors And The Proposal Of Other Business

Our Nominating and Corporate Governance Committee will consider recommendations for candidates for nominees as directors and proposals for business other than director nominations that are submitted by stockholders. Any recommendation of a nominee for the Board or any proposal for business other than director nominations by our stockholders with respect to our 2012 Annual Meeting must be submitted in writing to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary, and must be received by us no earlier than 120 days prior to the anniversary of our 2011 Annual Meeting and no later than 90 days prior to the anniversary of our 2011 Annual Meeting. If the date of our 2012 Annual Meeting is advanced by more than 30 days or delayed by more than 30 days from the anniversary of our 2011 Annual Meeting, any stockholder recommendation or proposal must be received by us no earlier than the close of business on the 120th day prior to such advanced or delayed annual meeting date and no later than the close of business on the later of (i) the 90th day prior to such advanced or delayed annual meeting date and (ii) the 10th day following the first public announcement of the meeting date.

Any such communication with respect to a candidate for nomination as a director must (i) describe why the candidate meets the Board's criteria described above; (ii) include the candidate's and recommender's names and addresses and provide biographical information about the recommended candidate that would be required if the candidate were to be nominated; (iii) include the proposed nominee's written consent to serve as a nominee, if nominated, and as a director, if elected; and (iv) contain any additional information required by Regulation 14A under the Exchange Act.

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Any such communication with respect to the proposal of business other than director nominations must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest in such business of such stockholder or any stockholder associated person. "Stockholder associated person" means with respect to any stockholder (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder; (ii) any beneficial owner of shares of stock of the Company owned of record or beneficially by such stockholder; and (iii) any person controlling, controlled by or under common control with such stockholder associated person.

Additionally, the stockholder must provide the following information with respect to such stockholder and any stockholder associated person:

The name and address of such stockholder, as they appear on our books, and of such stockholder associated person;

The class and number of our shares which are owned beneficially and of record by such stockholder and such stockholder associated person;

Whether either such stockholder or stockholder associated person intends to deliver a proxy statement and form of proxy to holders of, in the case of a nomination or nominations for director, a sufficient number of holders of our voting shares to elect such nominee or nominees or in the case of any other proposal, at least the percentage of our voting shares required under applicable law to carry such proposal;

Whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such stockholder associated person with respect to any shares of our stock; and

All contracts, arrangements, understandings and relationships with respect to the stockholders' investment in the Company, including with other stockholders, potential investors in the Company and potential transaction advisers such as financial advisers, legal counsel and proxy solicitation firms.

The Board may request additional information from either the stockholder making the recommendation or the person recommended. Stockholder recommendations that meet the requirements set forth above will be considered using the same criteria as other candidates and proposals considered by our Nominating and Corporate Governance Committee.

Additional requirements for stockholder director nominations and proposals other than director nominations appear in our by-laws. Only such individuals who are nominated in accordance with the procedures described above and in our by-laws will be eligible for election by stockholders as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth above and in our by-laws.

We have not received any stockholder recommendations or nominations with respect to our 2011 Annual Meeting, except for the nominations made by the Nominating and Corporate Governance Committee.

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary and must be received by us no later than December 20, 2011. Proposals must satisfy the procedures set forth in Rule 14a-8 under the Exchange Act.

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If you wish to submit a proposal that is not to be included in next year's proxy materials or wish to nominate a director, you must submit such proposal or nomination in writing to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary. Such proposal or nomination must be received by us no earlier than January 25, 2012 and no later than February 24, 2012 and must satisfy the requirements described in this section and in our by-laws.

In order to curtail controversy as to the date on which a proposal was received by us, we suggest that you submit your proposals by registered mail, return receipt requested.

STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS

Our Board believes it is important for stockholders to send communications to our Board. Accordingly, any stockholder who desires to communicate with our directors, individually or as a group, may do so by e-mailing the party or parties to whom the communication is intended at contactus@amagpharma.com or by writing to the party or parties for whom the communication is intended, to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Secretary. Our Secretary will then deliver any communication to the appropriate party or parties.

BOARD LEADERSHIP STRUCTURE

Our Board is led by an independent Chairman, Mr. Narachi, who has authority, among other things, to call and preside over Board meetings, including meetings of the independent directors, to set meeting agendas, and to determine the materials distributed to the Board. Our Chief Executive Officer, Dr. Pereira, is the only member of our Board who is not an independent director. Although we do not have a formal policy regarding whether the offices of Chairman of the Board and Chief Executive Officer should be separate, our Board believes that the existing leadership structure, with the separation of the Chairman of the Board and Chief Executive Officer roles, enhances the accountability of the Chief Executive Officer to the Board and strengthens the Board's independence from management. In addition, the Board believes that having an independent Chairman of the Board creates an environment that is more conducive to the objective evaluation and oversight of management's performance, increasing management accountability, and improving the ability of the Board to monitor whether management's actions are in the best interests of the Company and our stockholders. The Board also believes that an independent Chairman of the Board would help ensure that any potential strategic transactions involving the Company are evaluated independently and in light of the best interests of our stockholders. Finally, separating these roles alleviates the administrative burden on Dr. Pereira and allows him to focus his efforts on running our business and managing the Company in the best interests of our stockholders.

THE BOARD'S ROLE IN RISK OVERSIGHT

The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. The Board believes that risk can arise in any decision or action taken by the Company, whether strategic or operational. The Board, therefore, seeks to ensure that risk management principles are incorporated in all of the Company's management processes and in the responsibilities of its employees at every level. This comprehensive approach is reflected in the reporting processes by which our management provides timely and comprehensive information to the Board to support the Board's role in oversight, approval, and decision-making.

The Board closely monitors the information it receives and/or requests from management and provides oversight and guidance to our senior management team concerning the assessment and management of risk. The Board approves the Company's high level goals, strategies, and policies to set

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the tone and direction for appropriate risk taking within the business. The Board and its committees then emphasize this tone and direction in its oversight of management's implementation of the Company's goals, strategies, and policies.

Our senior executives regularly attend meetings of the Board and its committees and provide the Board and its committees with regular reports regarding the Company's operations, strategies, and objectives and the risks inherent within them. Board and committee meetings also provide a venue for directors to discuss issues with, request additional information from, and provide guidance to, senior management. The Board and its committees call special meetings and request information and reports from senior management when necessary to address specific issues. In addition, our directors have direct access to senior management to discuss any matters of interest, including those related to risk. Those members of management most knowledgeable of the issues regularly attend Board and committee meetings to provide additional insight into items being discussed, including risk exposures.

The Board has delegated oversight for matters involving certain specific areas of risk exposure to its three standing committees. Each committee reports to the Board at regularly scheduled Board meetings, and more frequently if appropriate, with respect to the matters and risks for which the committee provides oversight. Each committee is also authorized and empowered to retain such independent advisors as the committee deems to be appropriate in order to discharge its responsibilities under such committee's charter, and such independent advisors attend committee meetings as appropriate.

The Audit Committee oversees the integrity of our financial statements, reporting process and internal controls, the relationship with our independent registered public accounting firm, including their qualifications, independence and performance, and the Company's corporate finance matters, including its capital structure. The Audit Committee also provides oversight with respect to the Company's risk management process, discussing with management the Company's significant financial risk exposures, steps management has taken to monitor, control and report such exposures, and our policies with respect to risk assessment and risk management.

Our Compensation Committee is responsible primarily for the design and oversight of the Company's executive compensation policies, plans and practices. A key objective of the Compensation Committee is to ensure that the Company's overall executive compensation program appropriately links pay to performance and aligns the interests of the Company's executives with our stockholders. The Compensation Committee also monitors the design and administration of the Company's overall incentive compensation programs to ensure that they include appropriate safeguards to avoid encouraging unnecessary or excessive risk taking by Company employees. Elements of our executive compensation program that mitigate excessive risk taking, such as our combination of short- and long-term incentives, are described below under "*Compensation Discussion and Analysis*."

The Nominating and Corporate Governance Committee oversees risks related to our corporate governance, including Board and director performance, director succession, director education and the Company's Corporate Governance Guidelines and other governance documents. The Nominating and Corporate Governance Committee also oversees the Company's overall compliance program, with particular emphasis on the risks associated with our healthcare compliance program. Notwithstanding the foregoing, in 2010 the full Board took responsibility for oversight of the Company's healthcare compliance program due to the existence of a then ongoing federal government investigation regarding certain healthcare compliance matters involving the Company, which investigation has since been closed.

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RISK CONSIDERATIONS IN OUR COMPENSATION PROGRAM

Our Compensation Committee believes that risks arising from our compensation policies and practices for our employees are not likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to take excessive risks. The considerations which led the Compensation Committee to this conclusion include the following:

We provide executives with a competitive base salary, typically at or above the median of that provided by our peer group described under the subsection entitled "*Peer Group*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement. We believe these base salary levels mitigate risk-taking behavior by providing reasonable predictability in the level of income earned by each executive and alleviating pressure on executives to focus exclusively on stock price performance to the detriment of other important business metrics;

We utilize a mixture of compensation elements that is intended to be at or above the median value offered to similarly-situated executives in our peer group, with significant weighting towards long-term incentive compensation, which discourages short-term risk taking;

Our performance goals reflect a balanced mix of performance measures to avoid excessive weight on a certain goal or performance measure and are intended to be challenging yet attainable, so that it is more likely than not that the executives will earn a substantial portion of their target bonus annually, which mitigates the potential that our executives will take excessive risks. Our Compensation Committee views 2010, a year with respect to which none of our executives was paid a performance bonus, as an aberration and expects that going forward, our executives will earn a substantial portion of their annual target bonus amount;

Short-term incentives in the form of annual performance bonus payouts are generally capped at 150% of the target amount, unless the Compensation Committee or the Board determines that extraordinary performance warrants a higher payout, which the Compensation Committee believes mitigates the likelihood that our executives will take excessive risks. None of our executives have ever received a bonus payout in excess of 150% of such executive's target amount to date;

Equity incentive awards are granted annually and generally vest annually over three to four years, so executives always have a significant amount of unvested awards that could decrease significantly in value if our business is not managed for the long-term;

Compliance, ethical behavior and adherence to our corporate values and policies are integral factors considered in all performance assessments, and the Board and the Compensation Committee retain discretion to adjust compensation based on both the quality of Company and individual performance and adherence to the Company's values and compliance programs, among other things; and

We have a robust system of internal controls and a comprehensive compliance program, which includes extensive training of all employees, which we believe promotes a culture of ethical behavior and compliance, as well as an appropriate attitude toward risk-taking.

CODE OF ETHICS

Our Board has adopted a Code of Ethics applicable to all of our employees and directors, and it is available on our website at www.amagpharma.com, under the heading "*Investors*." Any amendments to or waivers of the Code of Ethics that apply to our principal executive officer, principal financial officer or principal accounting officer and that relate to any element of the definition of the term "code of

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ethics," as that term is defined by the SEC, will be posted on our website at the address above within four business days of such amendment or waiver.

DIRECTOR COMPENSATION

Overview

We seek to attract exceptional talent to serve on the Board and, therefore, the Company's policy is to compensate directors competitively relative to comparable companies. In addition, our Corporate Governance Guidelines provide that directors should be incentivized to focus on long-term stockholder value. Accordingly, director compensation is comprised of a mix of cash and equity compensation. The Board believes that including equity as part of director compensation helps align the interests of directors with those of the Company's stockholders. The Board also believes that it is appropriate for the Chairman of the Board and the Chairman of each standing committee of the Board to receive additional compensation for the additional workload and time commitment required for Board members who serve in such capacities. Our policy is that directors who are also employees of the Company shall receive no additional compensation for Board or committee service.

2010 Review of Our Non-Employee Director Compensation Policy

Under its charter, the Compensation Committee of the Board is charged with periodically reviewing and making recommendations to the Board with respect to director compensation. In addition, our Corporate Governance Guidelines provide that the Compensation Committee shall, from time to time, present a report to the Board comparing the Company's director compensation to that of comparable peer companies.

In 2010, in accordance with its charter and our Corporate Governance Guidelines, the Compensation Committee retained Frederic W. Cook & Co., Inc., an independent compensation consulting firm, or F.W. Cook, to review our then-current non-employee director compensation policy, compare it to the director compensation practices of our peer group companies, and provide any recommendations for changes. The peer group used by F.W. Cook in conducting its evaluation was the same peer group described under the subsection entitled "*Peer Group*" in the "*Compensation Discussion and Analysis*" section of this Proxy Statement.

In its report, F.W. Cook concluded, among other things, that the cash compensation currently being provided to our directors was significantly below the median, and that the total annual value of compensation being provided to our non-employee directors was among the lowest, relative to that being paid to non-employee directors on the boards of our peer group companies. The F.W. Cook report also observed several minor differences in the design and structure of our non-employee director compensation policy relative to those of many of our peer group companies. Accordingly, the F.W. Cook report contained a number of recommendations for proposed amendments to our then existing non-employee director compensation policy to, among other things, ensure that the value of total annual compensation being offered to non-employee directors on our Board was more competitive and closer to the median of that being offered by the companies in our peer group.

The Compensation Committee considered the recommendations contained in the F.W. Cook report and made the following recommendations to the full Board:

The target total annual compensation, including cash and equity but excluding any additional pay for committee service, should be increased from its current level to place the total annual compensation of the Company's non-employee directors closer to, but still below, the median of the directors of our peer group companies.

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The target total annual compensation for the Chairman of the Board should be set at two times the target total annual compensation paid to other Board members to adequately compensate for the additional responsibilities, workload, and time commitment required from the Chairman.

No change in the base annual cash retainer payable to members of the Board, including the Chairman.

Approximately half of the value of the annual equity award should be in the form of non-qualified stock options and approximately half of the value of such award should be in the form of RSUs; provided, that delivery of the shares underlying the RSUs should be deferred until the earlier of (i) the third anniversary of the date of grant and (ii) the date of the director's separation from service to the Company to encourage long-term stock ownership by the directors to ensure that their interests are aligned with the Company's stockholders. The Compensation Committee believed that by splitting the annual equity grant to directors between stock options and RSUs, the directors would be adequately compensated for their time and effort while maintaining alignment of the directors' long-term interests with those of the Company's stockholders.

The annual Board committee member retainer fees should be adjusted as follows to place the compensation paid to the committee members at approximately the median compensation relative to those of our peer group companies:

Audit Committee: increase from \$5,000 to \$10,000 per year

Compensation Committee: increase from \$5,000 to \$7,500 per year

Nominating and Corporate Governance Committee: maintain at \$5,000 per year

The annual Board committee Chairman retainer fees should be adjusted as follows to place the compensation paid to the committee Chairmen at approximately the median compensation relative to those of our peer group companies:

Audit Committee: increase from \$10,000 to \$20,000 per year

Compensation Committee: increase from \$10,000 to \$15,000 per year

Nominating and Corporate Governance Committee: maintain at \$10,000 per year

When a new director joins the Board, that individual should receive an equity award comprised of an inducement grant and an annual grant as described in detail below.

The post-termination exercise period for vested stock options, only with respect to new option grants going forward, should be increased from one year to three years to neutralize market timing on directors' ongoing service decisions.

In May 2010, based primarily on the foregoing recommendations of the Compensation Committee, the Board amended our Non-Employee Director Compensation Policy to provide for the terms described below under the heading "*Our Current Non-Employee Director Compensation Policy*."

F.W. Cook also recommended that the Board consider adopting director stock ownership guidelines. In 2010, the Board amended our Corporate Governance Guidelines to include director stock ownership guidelines, which are discussed in detail below under the heading "*Stock Ownership Guidelines*."

Our Current Non-Employee Director Compensation Policy

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The following is a summary of our current Non-Employee Director Compensation Policy as adopted by our Board in May 2010. Our Non-Employee Director Compensation Policy applies to each director of the Company who is not an employee of the Company or any affiliate of the Company.

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Equity Grant Upon Initial Appointment or Election as a Director

Commencing in May 2010, each new non-employee director, on the date of his or her initial appointment or election to the Board, will receive an equity grant comprised of two components: (i) an inducement grant and (ii) an annual grant.

As an inducement to joining the Board, each new non-employee director will be granted a non-qualified stock option to purchase 6,000 shares of the Company's common stock pursuant to the Company's Second Amended and Restated 2007 Equity Incentive Plan, or the 2007 Plan, subject to automatic adjustment in the event of any stock split or other recapitalization affecting the Company's common stock. Such option shall vest in equal monthly installments over a period of two years from the date of his or her election to the Board, provided such non-employee director continues to serve as a member of the Board.

Upon joining the Board, each new non-employee director will also receive an annual equity grant of non-qualified stock options and RSUs on the date of his or her appointment or election as described below under the heading "*Annual Equity Grant*;" provided, that the amount of options and RSUs will be pro-rated based on the number of expected months of service before the next annual meeting of stockholders. The foregoing options and RSUs will vest in equal monthly installments beginning on the first day of the first full month following appointment or election and continuing on the first day of each month thereafter through the first day of the month in which the next annual meeting of stockholders is to be held, so long as the newly-appointed non-employee director continues to serve as a member of the Board; provided, that delivery of any vested shares of common stock underlying the foregoing RSUs shall be deferred until the earlier of (i) the third anniversary of the date of grant and (ii) the date of the director's separation from service to the Company.

Annual Equity Grant

Commencing in May 2010, at the first meeting of the Board following the annual meeting of stockholders, each non-employee director, other than the Chairman, will be provided an equity grant equal to a pre-determined value with reference to comparable annual grants provided to non-employee directors of companies in the Company's then current peer group as established by the Compensation Committee. The exact value and size of the foregoing equity grant will be determined by the Compensation Committee in its reasonable discretion using a Black-Scholes or other equity valuation methodology deemed appropriate by the Compensation Committee and taking into account any advice or recommendations of any independent compensation consultant deemed appropriate by the Compensation Committee.

One half of the total value of the foregoing annual equity grant will be comprised of a non-qualified stock option to purchase shares of the Company's common stock, and the remaining one half will be comprised of RSUs covering shares of the Company's common stock. The foregoing options and RSUs will vest in twelve equal monthly installments beginning on the first day of the first full month following the annual meeting of stockholders and continuing on the first day of each of the following eleven months thereafter, so long as the non-employee director continues to serve as a member of the Board; provided, that delivery of any vested shares of common stock underlying the foregoing RSUs shall be deferred until the earlier of (i) the third anniversary of the date of grant and (ii) the date of the director's separation from service to the Company.

Commencing in May 2010, at the first meeting of the Board following the annual meeting of stockholders, the Chairman of the Board, provided that he or she is also a non-employee director, will be provided an equity grant comprised of (i) a non-qualified stock option to purchase two times the number of shares of the Company's common stock issuable to other non-employee directors in accordance with the immediately preceding paragraph and (ii) RSUs covering a total of two times the number of shares of the Company's common stock issuable to other non-employee directors in

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accordance with the immediately preceding paragraph. The foregoing options and RSUs will vest in twelve equal monthly installments beginning on the first day of the first full month following the annual meeting of stockholders and continuing on the first day of each of the following eleven months thereafter, so long as the Chairman continues to serve as a member of the Board; provided, that delivery of any vested shares of common stock underlying the foregoing RSUs shall be deferred until the earlier of (i) the third anniversary of the date of grant and (ii) the date of the Chairman's separation from service to the Company.

Exercise Price and Term of Options

Each option granted to a non-employee director shall have an exercise price per share equal to the fair market value of the common stock of the Company on the date of grant of the option, have a term of ten years and shall be subject to the terms and conditions of the 2007 Plan.

Early Termination of Options or RSUs Upon Termination of Service

If a non-employee director ceases to be a member of the Board for any reason, any then vested and unexercised options granted to such non-employee director may be exercised by the departing director (or, in the case of the director's death or disability, by the director's personal representative, or the director's survivors) within three years after the date the director ceases to be a member of the Board and in no event later than the expiration date of the option.

If a non-employee director's service to the Company is terminated, all then vested and undelivered shares underlying any RSUs held by such director shall be delivered to him or her (or, in the case of the director's death or disability, by the director's personal representative, or the director's survivors) as of the date he or she ceases to be a member of the Board.

Retainer Fees

Each non-employee director, other than the Chairman, will receive an aggregate annual retainer fee of \$30,000, payable in four equal quarterly installments. The Chairman, provided that he or she is also a non-employee director, will receive an aggregate annual retainer fee of \$60,000, payable in four equal quarterly installments.

Each member of each of the Company's standing committees, other than the Chairman, will be paid an additional aggregate annual retainer fee in four equal quarterly installments as follows:

Audit Committee: \$10,000 per year

Compensation Committee: \$7,500 per year

Nominating and Corporate Governance Committee: \$5,000 per year

The Chairman of each of the standing committees will be paid an additional aggregate annual retainer fee in four equal quarterly installments as follows:

Audit Committee: \$20,000 per year

Compensation Committee: \$15,000 per year

Nominating and Corporate Governance Committee: \$10,000 per year

Expenses

Upon presentation of documentation of such expenses reasonably satisfactory to the Company, each non-employee director shall be reimbursed for his or her reasonable out-of-pocket business expenses incurred in connection with attending meetings of the Board, committees thereof or in connection with other Board-related business.

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Indemnification and Insurance

We also provide indemnification agreements and director and officer insurance for all directors.

Director Equity Grants for Fiscal 2010

In May 2010, in accordance with the terms of the revised Non-Employee Director Compensation Policy, the Board granted the Chairman of our Board, Mr. Narachi, an annual equity award to coincide with his one-year term of service from May 2010 to May 2011 comprised of stock options to purchase 7,600 shares of our common stock and RSUs covering 3,800 shares of our common stock under the 2007 Plan. Each of the foregoing grants vests monthly in twelve equal installments beginning on June 1, 2010; provided, that delivery of the shares of common stock underlying the foregoing RSUs is deferred until the earlier of (i) the third anniversary of the grant date and (ii) the date of Mr. Narachi's separation from service to the Company. The foregoing stock option has an exercise price per share of \$31.32, which is equal to the fair market value of a share of our common stock on the grant date, and a ten-year term.

In addition, in May 2010, in accordance with the terms of the revised Non-Employee Director Compensation Policy, each of the non-employee members of the Board other than Mr. Narachi was granted an annual equity award to coincide with his or her one-year term of service from May 2010 to May 2011 comprised of stock options to purchase 3,800 shares of our common stock and RSUs covering 1,900 shares of our common stock under the 2007 Plan. Each of the foregoing grants vests monthly in twelve equal installments beginning on June 1, 2010; provided, that delivery of the shares of common stock underlying the foregoing RSUs is deferred until the earlier of (i) the third anniversary of the grant date and (ii) the date of the director's separation from service to the Company. Each stock option granted to the non-employee members of the Board has an exercise price per share of \$31.32, which is equal to the fair market value of a share of our common stock on the grant date, and a ten-year term.

Director Equity Grants for the Service Period From December 2008 to May 2009

Prior to the May 2010 equity grants, our directors had not received any equity grants since December 2008, a period of 18 months. Our Board had not been granted any equity awards in that period because the Board and the Compensation Committee wanted to complete the overall review of our Non-Employee Director Compensation Policy prior to making any further equity grants. Following its receipt of the 2010 F.W. Cook report and the completion of its evaluation of the Non-Employee Director Compensation Policy, the Compensation Committee and the Board both believed that it was appropriate to provide the directors who had been serving on the Board continuously since December 2008 an additional equity grant to compensate them for their time and effort for the "stub period" of their service from December 2008 to May 2009.

Accordingly, in May 2010, in accordance with the terms of the revised Non-Employee Director Compensation Policy, the Board granted Mr. Narachi an equity award comprised of stock options to purchase 2,400 shares of our common stock and RSUs covering 1,200 shares of our common stock under the 2007 Plan. The amount of each of the foregoing awards represents a pro-rated portion of Mr. Narachi's annual grant to coincide with Mr. Narachi's service on the Board during the "stub period" from December 2008 to May 2009. Each of the foregoing grants vests monthly in twelve equal installments beginning on June 1, 2010; provided, that delivery of the shares of common stock underlying the foregoing RSUs is deferred until the earlier of (i) the third anniversary of the grant date and (ii) the date of Mr. Narachi's separation from service to the Company. The foregoing stock option has an exercise price per share of \$31.32, which is equal to the fair market value of a share of our common stock on the grant date, and a ten-year term.

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In addition, in May 2010, in accordance with the terms of the revised Non-Employee Director Compensation Policy, the Board granted each of the non-employee members of the Board other than Mr. Narachi and Dr. Russell (who did not join the Board until December 2009), an equity award comprised of stock options to purchase 1,200 shares of our common stock and RSUs covering 600 shares of our common stock under the 2007 Plan. The amount of each of the foregoing awards represents a pro-rated portion of each such director's annual grant to coincide with his or her service on the Board during the "stub period" from December 2008 to May 2009. Each of the foregoing grants vests monthly in twelve equal installments beginning on June 1, 2010; provided, that delivery of the shares of common stock underlying the foregoing RSUs is deferred until the earlier of (i) the third anniversary of the grant date and (ii) the date of the director's separation from service to the Company. Each of the foregoing stock options has an exercise price per share of \$31.32, which is equal to the fair market value of a share of our common stock on the grant date, and a ten-year term.

Director Compensation for Fiscal 2010

The following table summarizes the compensation paid to or earned by our non-employee directors during the year ended December 31, 2010.

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)	Option Awards \$(3)	All Other Compensation (\$)	Total (\$)
Joseph V. Bonventre, M.D., Ph.D.(4)	35,000	78,300	66,263		179,563
Michael Narachi(5)	67,500	156,600	132,526		356,626
Robert J. Perez(6)	48,750	78,300	66,263		193,313
Lesley Russell, MB.Ch.B., MRCP(7)	37,500	59,508	50,360		147,368
Davey S. Scoon(8)	56,250	78,300	66,263		200,813
Ron Zwanziger(9)	40,000	78,300	66,263		184,563

(1) Dr. Pereira, who is also our employee, received no additional compensation for his service on our Board and is therefore not included in this table.

(2) Represents the aggregate dollar amount of 2010 fees earned or paid in cash for services as a director, including annual retainer fees and committee fees.

(3) Amounts shown do not reflect compensation actually received by the listed directors but represent the aggregate full grant date fair value of stock awards, which consist of RSUs, and stock option awards granted to our non-employee directors calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, or FASB ASC 718, disregarding adjustments for forfeiture assumptions. The assumptions used to value the stock option awards are set forth in Note I to our Annual Report on Form 10-K for the year ended December 31, 2010. The reported value of the RSUs awarded in 2010 was calculated by multiplying the closing market price of a share of our common stock on the grant date by the number of RSUs granted.

(4) Dr. Bonventre was a member of the Nominating and Corporate Governance Committee during 2010. In May 2010, Dr. Bonventre was granted an option to purchase 5,000 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Dr. Bonventre was granted RSUs covering 2,500 shares of our common stock. As of December 31, 2010, Dr. Bonventre held outstanding stock options to purchase 19,000 shares and RSUs covering 2,500 shares of our common stock.

(5) Mr. Narachi was the Chairman of the Board and a member of the Compensation Committee during 2010. He also served as Chairman of the Compensation Committee in January and February 2010. In May 2010, Mr. Narachi was granted an option to purchase 10,000 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Mr. Narachi was

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granted RSUs covering 5,000 shares of our common stock. As of December 31, 2010, Mr. Narachi held outstanding stock options to purchase 31,835 shares and RSUs covering 5,000 shares of our common stock.

- (6) Mr. Perez was a member of the Audit Committee and the Compensation Committee during 2010. In February 2010, he was elected Chairman of the Compensation Committee. In May 2010, Mr. Perez was granted an option to purchase 5,000 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Mr. Perez was granted RSUs covering 2,500 shares of our common stock. As of December 31, 2010, Mr. Perez held outstanding stock options to purchase 15,000 shares and RSUs covering 2,500 shares of our common stock.
- (7) Dr. Russell was a member of the Audit Committee during 2010. In May 2010, Dr. Russell was granted an option to purchase 3,800 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Dr. Russell was granted RSUs covering 1,900 shares of our common stock. As of December 31, 2010, Dr. Russell held outstanding stock options to purchase 7,133 shares and RSUs covering 1,900 shares of our common stock.
- (8) Mr. Scoon was the Chairman of the Audit Committee and a member of the Compensation Committee and the Nominating and Corporate Governance Committee during 2010. In May 2010, Mr. Scoon was granted an option to purchase 5,000 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Mr. Scoon was granted RSUs covering 2,500 shares of our common stock. As of December 31, 2010, Mr. Scoon held outstanding stock options to purchase 19,344 shares and RSUs covering 2,500 shares of our common stock.
- (9) Mr. Zwanziger was the Chairman of the Nominating and Corporate Governance Committee during 2010. In May 2010, Mr. Zwanziger was granted an option to purchase 5,000 shares of our common stock at an exercise price equal to \$31.32. In addition, in May 2010, Mr. Zwanziger was granted RSUs covering 2,500 shares of our common stock. As of December 31, 2010, Mr. Zwanziger held outstanding stock options to purchase 22,017 shares and RSUs covering 2,500 shares of our common stock.

Stock Ownership Guidelines

The Board believes that it is important that directors be incentivized to focus on long-term stockholder value to ensure that the Board's interests are aligned with those of our stockholders. Accordingly, in August 2010, the Board adopted stock ownership guidelines to further align the interests of our non-employee directors with the interests of our stockholders and promote the Company's commitment to sound corporate governance.

Our Non-Employee Director Stock Ownership Guidelines require all non-employee directors to hold shares of our common stock with a value equal to three times the amount of the base annual retainer fee paid to non-employee directors for service on the Board, excluding additional committee retainer fees, if any. This ownership guideline is initially calculated using the base annual retainer fee for service as a non-employee director as of the date the person first became subject to the guidelines as a non-employee director. These ownership guidelines will be re-calculated based on the applicable annual non-employee director retainer fees as of the date of the Company's 2013 Annual Meeting of Stockholders and on the date of the annual meeting of stockholders each third year thereafter, and will be based on the applicable annual Board retainer fee in effect on such calculation date.

Non-employee directors are required to achieve the applicable level of ownership within five years of the later of the date the guidelines were adopted and the date the person first became a non-employee member of the Board. In the event that a non-employee director does not meet the foregoing stock ownership guidelines, such non-employee director is prohibited from selling any stock acquired through vesting of RSUs or similar full-value awards or upon the exercise of stock options,

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except to pay for applicable taxes or the exercise price, and must use the entire net after tax amount of his or her base annual retainer fee, excluding additional committee retainer fees, if any, to purchase shares of Company common stock until the director satisfies the requirements.

Shares that count toward satisfaction of the guidelines include shares owned outright by the director or his or her immediate family members residing in the same household and shares held in trust for the benefit of the director or his or her family. Unexercised and/or unvested equity awards do not count toward satisfaction of the guidelines.

The value of a share will be measured on the date of the Company's annual meeting each year as the greater of (i) the average closing price over the 12 months preceding the date of calculation or (ii) the purchase price actually paid by the person for such share of the Company's stock. The purchase price for shares acquired pursuant to RSUs and other similar full value awards is zero.

Our Non-Employee Director Stock Ownership Guidelines may be waived, at the discretion of the Board's Nominating and Corporate Governance Committee, for directors joining the Board from government, academia, or similar professions. The guidelines may also be waived at the discretion of the Nominating and Corporate Governance Committee if compliance would create undue hardship or prevent a director from complying with a court order, as in the case of a divorce settlement. It is expected that these instances will be rare.

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PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and Section 14A of the Exchange Act, we are conducting a stockholder advisory vote on the compensation paid to our named executive officers. This proposal, commonly known as "say-on-pay," gives our stockholders the opportunity to express their views on our named executive officers' compensation. The vote is advisory, and, therefore, it is not binding on the Board, the Compensation Committee, or the Company. Nevertheless, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.

As described in detail in the "*Compensation Discussion and Analysis*" section of this Proxy Statement, our executive compensation program is designed to attract, motivate and retain our named executive officers who are critical to our success. Our Board believes that our executive compensation program is well tailored to retain and motivate key executives while recognizing the need to align our executive compensation program with the interests of our stockholders and our "pay-for-performance" philosophy. For example, after evaluating the Company's overall 2010 performance, including its overall stock price performance, the Board and the Compensation Committee determined that neither a bonus payment for 2010 performance nor any adjustment to the annual salary rate for 2011 was warranted for any of our executive officers, including Dr. Pereira. We encourage our stockholders to read the "*Compensation Discussion and Analysis*" section as well as the Summary Compensation Table and other related compensation tables and narrative disclosures which describe our executive compensation philosophy, programs, and practices and the compensation of our named executive officers for 2010 in this Proxy Statement.

We are asking our stockholders to indicate their support for the compensation of our named executive officers as described herein. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and our executive compensation philosophy, programs, and practices as described in this Proxy Statement.

Accordingly, we ask our stockholders to vote "FOR" the approval, on an advisory basis, of the compensation of our named executive officers, as described in this Proxy Statement.

Vote Required

Advisory approval of this proposal requires the affirmative vote of the holders of a majority of shares of common stock present or represented and voting at the Annual Meeting. The say-on-pay vote is advisory, and therefore not binding on our Board, the Compensation Committee or the Company. However, our Board and our Compensation Committee value the opinions of our stockholders, and to the extent there is a significant vote against the compensation of our named executive officers as disclosed in this Proxy Statement, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

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PROPOSAL 3: ADVISORY VOTE ON THE FREQUENCY OF SOLICITATION OF ADVISORY STOCKHOLDER APPROVAL OF EXECUTIVE COMPENSATION

Under the Dodd-Frank Act and Section 14A of the Exchange Act, we are conducting a stockholder advisory vote on whether future "say-on-pay" advisory votes on executive compensation should occur every year, every two years, or every three years.

After careful consideration, our Board has determined that an advisory vote on executive compensation that occurs every three years, or a triennial vote, is the most appropriate alternative for our Company and, therefore, our Board recommends that you vote for a three-year interval for the advisory vote on executive compensation.

Our Board believes that providing our stockholders with a triennial vote will encourage a long-term approach to evaluating our executive compensation policies and practices and allow the Board and the Compensation Committee adequate time to engage with our stockholders on any concerns they may have with respect to our executive compensation practices and respond appropriately. In contrast, focusing on executive compensation over an annual or biennial period would focus on short-term results rather than long-term value creation and render it impossible or impractical for the Board and Compensation Committee to make any necessary changes to our executive compensation practices in a timely manner.

Our Board and our Compensation Committee generally approve our annual corporate performance goals, evaluate Company and individual executive performance for the prior calendar year, and make executive compensation decisions for the current year, including decisions regarding executive salaries, bonuses and bonus targets, and equity awards during the first quarter of each calendar year. As a result, an annual say on pay vote at our annual meeting of stockholders, which is generally held in May of each year, would make it impossible for the Board and the Compensation Committee to react to input from our stockholders and make any necessary changes to our executive compensation programs prior to the next annual meeting of stockholders because the executive compensation decisions for the current year will have already been made. Accordingly, the Board believes that we and our stockholders would benefit from having more time for a thoughtful and constructive dialogue on why particular pay practices are appropriate for us and to make any necessary changes to our executive compensation philosophy, programs, or practices.

Accordingly, we ask our stockholders to vote "FOR" the approval, on an advisory basis, of our proposal that an advisory vote on the compensation of our named executive officers be held at an annual meeting of stockholders every three years, beginning with the Annual Meeting to be held on May 24, 2011.

Vote Required

The frequency option that receives votes from the holders of at least a majority of shares present or represented and voting at the Annual Meeting will be considered the preferred frequency of future advisory votes on the compensation of our named executive officers by our stockholders. However, because this vote is advisory and not binding on the Board, the Compensation Committee, or the Company, the Board and the Compensation Committee may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option preferred by our stockholders.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL THAT AN ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS BY OUR STOCKHOLDERS BE HELD EVERY THREE YEARS.

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EXECUTIVE OFFICERS AND COMPENSATION

Set forth below is a description of our current executive officers and of compensation received by our named executive officers for the year ended December 31, 2010.

EXECUTIVE OFFICERS

Brian J.G. Pereira, M.D., age 52, has been President of our Company since November 2005 and Chief Executive Officer of our Company since November 2006. He has served as a member of our Board since July 2004. Dr. Pereira served as President and Chief Executive Officer of the New England Health Care Foundation, a physician's group at Tufts-New England Medical Center, from 2001 to 2005, and held various other positions at Tufts-New England Medical Center from 1993 to 2001. He is a Professor of Medicine at Tufts University School of Medicine and at the Sackler School of Biomedical Sciences of Tufts University. Dr. Pereira served as President of the National Kidney Foundation from 2002 to 2004, and has served on the editorial board of twelve scientific journals. He has also served as a director of Bidel, Inc., a public pharmaceutical company, since 2007 and was elected Chairman of the Board of Bidel, Inc. in March 2011. In addition, Dr. Pereira is Chairman of the Board of Advisors of the Harvard-MIT Biomedical Enterprise Program. Dr. Pereira received his M.B.B.S. from St. John's Medical College, Bangalore, India and his M.B.A. from the Kellogg School of Management, Northwestern University.

Stephen Andre, age 49, joined us in March 2008 as Vice President of Human Resources and has served as Senior Vice President of Human Resources since February 2011. Prior to joining us, Mr. Andre served as Vice President of Human Resources for Panacos Pharmaceuticals, Inc., or Panacos, a public biotechnology company from 2004 to 2008. Prior to his tenure at Panacos, he was at Circe Biomedical, a private biotechnology company spun out of W.R. Grace, as the head of Human Resources from 2000 to 2002 and as Director of Clinical Operations from 2002 to 2003.

David A. Arkowitz, age 49, joined us in April 2007 and currently serves as Executive Vice President, Chief Financial Officer, Chief Business Officer and Treasurer. Prior to joining us, Mr. Arkowitz served as Chief Financial Officer and Treasurer at Idenix Pharmaceuticals, Inc., or Idenix, a public biopharmaceutical company, from 2003 to 2007. Prior to his tenure at Idenix, Mr. Arkowitz was with Merck & Co. Inc., a public pharmaceutical company, for over thirteen years, where he served as Vice President and Controller of the U.S. sales and marketing division from 2002 to 2003, Controller of the global research and development division from 2000 to 2002, and as Vice President of Finance and Business Development of the Canadian subsidiary of Merck & Co. from 1997 to 2000. Mr. Arkowitz holds a B.A. in Mathematics from Brandeis University and an M.B.A. from Columbia University.

Lee F. Allen, M.D., Ph.D., age 59, joined us in August 2007 and currently serves as Chief Medical Officer and Executive Vice President of Clinical Development. Prior to joining us, Dr. Allen served as Vice President of Clinical Research and Development of Wyeth Pharmaceuticals, or Wyeth, a public pharmaceutical company, from 2003 to 2007. Prior to his tenure at Wyeth, Dr. Allen held positions of increasing responsibility at Pfizer Inc., a public biomedical and pharmaceutical company, from 1999 to 2003 and BASF Corporation's Knoll Pharmaceutical Company from 1998 to 1999. Prior to entering the pharmaceutical industry, he was a faculty member at Duke University Medical Center and at the University of Utah's Huntsman Cancer Institute. His work has been published in several scientific journals, including the Proceedings of the National Academy of Sciences, Nature and Science. Dr. Allen received his B.S. in Chemistry from City University of New York and his Ph.D. and his M.D. from the University of Medicine and Dentistry of New Jersey.

Joseph L. Farmer, age 39, joined us in February 2005 and currently serves as General Counsel and Senior Vice President of Legal Affairs. He has also served as our Secretary since 2007. Prior to joining us, Mr. Farmer was an attorney in the business practice group of the law firm of Testa, Hurwitz and

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Thibeault, LLP in Boston from 1997 to 2005. Mr. Farmer currently serves as a member of the Board of Trustees and Patient Care Advisory Committee of Caritas Carney Hospital in Boston. He received his B.A. in Economics from Boston University and his J.D. from Boston College Law School.

Christopher G. White, age 49, joined us in September 2007 and currently serves as Senior Vice President of Business Development and Corporate Planning. From 2005 through 2007, Mr. White was a Partner in the Pharmaceutical and Medical Products Practice at Accenture. Prior to Accenture, he was a Vice President and Partner in the Pharmaceuticals and Healthcare Practice at A.T. Kearney, Inc. from 1998 to 2005. From 1984 to 1998, Mr. White held positions of increasing responsibility at DuPont Pharmaceuticals Company, Arthur D. Little and Merck & Co. Inc., respectively. Mr. White holds a B.S. in Chemical Engineering from Tufts University and an M.B.A. from Columbia University.

Gary J. Zieziula, age 56, joined us in April 2010 as Executive Vice President and Chief Commercial Officer. Prior to joining us, Mr. Zieziula was the Managing Director, Pharmaceuticals for Roche (Hellas) S.A., or Roche, in Greece from 2008 to 2010. Since joining Roche in 2001, he held several key sales and marketing positions, including Head of Commercial Operations, Specialty Care at Roche USA from 2003 to 2008 and Vice President, Sales and Marketing Services, from 2002 to 2003. Prior to joining Roche, Mr. Zieziula held positions of increasing responsibility at Bristol-Myers Squibb, or BMS, including Vice President, Sales, and Vice President, Managed Health Care Sales and Marketing from 1998 to 2001. Prior to BMS, he had a 16-year career at Merck & Co. where he held several senior commercial roles, including Vice President of Sales and Operations of North America for Merck's Vaccine division. Mr. Zieziula holds a B.S. in Business Administration from the State University of New York at Buffalo and an M.B.A. from Canisius College.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Philosophy

The following is a summary of our overall executive compensation philosophy, as approved by our Compensation Committee and our Board of Directors.

Oversight of Our Executive Compensation Program

The Compensation Committee of our Board is charged with developing, reviewing and refining our overall compensation philosophy and submitting it to the Board for approval. The Compensation Committee is empowered to discharge certain of the responsibilities of the Board relating to compensation of our executive officers, including:

The review, negotiation, authorization and approval of the recruitment, hiring and compensation for any of our executive officers, other than our Chief Executive Officer or President, and any other of our officers with a title of Senior Vice President or higher;

The review and recommendation to the full Board for approval of the compensation of our Chief Executive Officer, President and any other officer position with a title of Senior Vice President or higher which was not provided for in a Board-approved budget, each of which must be approved by all independent members of the Board;

Subject to certain limitations, the administration and grant of awards under our existing stock option, stock incentive, employee stock purchase and other equity-based award plans;

The review and recommendation to the full Board with respect to certain incentive compensation plans and director compensation plans; and

The engagement of independent advisors as it deems necessary or appropriate to carry out its responsibilities.

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The current members of our Compensation Committee are Robert J. Perez (Chairman), Michael Narachi, and Davey S. Scoon. The Board has determined that each member of the Compensation Committee is a "non-employee director" and is "independent" as such terms are defined in the listing standards of the NASDAQ and SEC rules.

Objectives of Our Executive Compensation Program

Our key executive compensation objectives are to attract and retain the highest quality executive talent, motivate executives by aligning their short- and long-term interests with those of our stockholders, and reward short- and long-term individual and company performance.

We use the following principles to guide our decisions regarding executive compensation:

External Competitiveness

We strive to ensure that our executives' total compensation levels are competitive with peer companies so that we can attract and retain high performing key executive talent. Given the highly competitive landscape for top talent and our relative position to compete for that talent, we recognize that it may, in some instances, be necessary to pay above market rates to attract critical talent.

To ensure that our executives' total compensation levels are competitive, our Compensation Committee, in consultation with its independent advisors and senior management, periodically reviews the compensation policies and practices of other companies in our peer group, which we define to include companies with the following characteristics:

Publicly-traded;

Primary operations in the biotechnology/pharmaceuticals industries;

Similar market capitalization;

Similar risk profile; and

Similar number of employees.

The Compensation Committee also periodically reviews the composition of the peer group itself, in consultation with its independent advisors and senior management, to ensure that the peer group continues to accurately reflect comparable companies as our business evolves. For example, since the approval of *Feraheme* by the U.S. Food and Drug Administration, or FDA, in June 2009, the Compensation Committee generally only considers companies which have at least one marketed drug product to be in our peer group.

In addition to reviewing executive officers' compensation levels against that of similarly-situated executives in our peer group, the Compensation Committee supplements peer group data with more broad-based compensation survey data from companies in our industry of similar size, generally based on companies with between 150 and 499 employees, and considers recommendations from our Chief Executive Officer regarding total compensation for those executives reporting directly to him.

Internal Parity

To the extent practicable, base salary levels and short- and long-term incentive target levels for similarly-situated executives within the Company should be comparable to avoid divisiveness and encourage teamwork, collaboration, and a cooperative working environment.

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Pay-for-Performance

Total compensation should reflect a "pay-for-performance" philosophy such that a substantial portion of executive compensation should include short- and long-term incentive awards that are tied to the achievement of the short- and long-term performance objectives of both the Company and the individual.

Alignment with Stockholders' Interests

Total compensation levels should include a component that reflects relative stockholder returns and the Company's overall performance through the use of equity-based awards.

Simplicity and Flexibility

Our executive compensation program should be straightforward and easy to understand for both our employees and stockholders. The compensation program should also be sufficiently flexible to be able to adapt to rapid changes in the competitive environment for executives in the biotechnology and pharmaceuticals sectors.

Avoidance of Excessive Perquisites

Although we will consider certain perquisites that are common and appropriate for similarly-situated executives of public companies, as a general matter, we intend to avoid the payment of excessive, unusual, or unnecessary perquisites to executives.

Elements of Our Executive Compensation Program

Consistent with our executive compensation objectives, we have developed an executive compensation program consisting of the following elements:

Base Salary;

Short-term incentives in the form of annual cash bonus opportunities;

Long-term incentives in the form of equity-based awards (stock options and RSUs); and

Benefits/perquisites.

To further our guiding compensation principles, the relative mix of the foregoing components of each executive's total potential compensation should be weighted more toward short- and long-term incentive compensation. In addition, the value of variable compensation is generally weighted more heavily toward long- than short-term incentives to ensure the interests of the executives are properly aligned with those of our stockholders. In general, the proportion of total compensation at risk rises as an executive's level of responsibility increases to reflect the executive's ability to influence our overall performance.

In determining the appropriate level of each element of total executive compensation, we seek to accomplish the goals set out below.

Base salary

Base salary levels are designed to provide fixed annual cash compensation at the median or higher of that provided by our peer group to executives of similar position, responsibility, experience, qualifications, and performance to (i) allow us to recruit and retain the best qualified executives in a very competitive market for talent in the biotechnology and pharmaceuticals sectors, and (ii) provide executives with reasonable predictability regarding their basic annual standard of living. Base salaries of executives are reviewed annually by the Board and Compensation Committee as part of our annual

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review process and in light of the executive's individual performance and the Company's performance during the year and the then current competitive conditions. In addition, our Board and Compensation Committee believe that it is appropriate during most years to provide an upward adjustment to executive salaries if the executive's performance warrants such adjustment and our financial condition permits.

Short-term incentives

Short-term incentives in the form of an annual cash bonus opportunity are intended to provide motivation for executives to achieve both the Company's annual operating goals and the individual's annual performance goals. The target amount for the annual bonus opportunity is generally established at the outset of the fiscal year and is based on a percentage of the executive's base salary that is intended to be at or above the median percentage offered to similarly-situated executives in our peer group. In addition, the Compensation Committee has the flexibility to award additional discretionary bonuses to recognize and reward outstanding individual performance in excess of measurable performance objectives.

Long-term incentives

Long-term incentives in the form of annual equity-based awards are intended to align the interests of executives with those of our stockholders and to provide executives with a continuing ownership stake in our long-term success. The amount of an annual equity-based award should be at or above the median value offered to similarly-situated executives in our peer group. In recent years, consistent with our philosophy that total executive compensation should be more heavily weighted toward long-term incentive compensation to ensure that the interests of our executives are aligned with those of our stockholders, the Compensation Committee and the Board have targeted annual equity awards to our executives at the 75th percentile or higher relative to equivalent executives in our peer group. In addition, the Compensation Committee and the Board believe that the proportion of total compensation at risk should rise as an executive's level of responsibility increases to reflect the executive's ability to influence overall company performance. Equity-based awards are generally subject to three to four-year annual cliff vesting to promote retention and align the executive's long-term interests with those of our stockholders. In certain instances the Board and Compensation Committee believe it is appropriate to grant to certain executive officers equity awards with performance or market condition-based vesting provisions to further align the interests of such executives with those of our stockholders. As a general rule, equity awards to executive officers are reviewed by the Compensation Committee once per year in connection with our annual performance review process. However, the Board and the Compensation Committee may issue equity-based awards throughout the year as they deem appropriate.

Benefits/Perquisites

We seek to provide an overall benefits package that is intended to be at or above the median of that offered by our peer group to ensure that we do not lose talented candidates or employees as a result of an inferior benefits package.

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Executive Compensation Decisions and Processes

General

The Compensation Committee typically meets at least four times annually to coincide with regularly scheduled Board meetings, and more frequently as necessary. The Compensation Committee met twelve times and the Committee or its Chairman acted by unanimous written consent twice during 2010. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in close consultation with our Chief Executive Officer, General Counsel, Senior Vice President of Human Resources, and other executives who may have input on a given agenda item. The Compensation Committee meets regularly in executive session, however, from time to time, various members of management as well as outside advisors and consultants may be invited to make presentations, to provide background information or advice, or to otherwise participate in a given meeting. Our Chief Executive Officer is often present and actively participates in discussions and deliberations regarding the compensation of our executive officers, however, our Chief Executive Officer is not allowed to be present or participate in discussions or deliberations regarding his own compensation, performance, or objectives, whether at Compensation Committee or Board meetings.

Under its charter, the Compensation Committee may make recommendations with respect to the compensation of our Chief Executive Officer, but it is not empowered to approve such compensation. The compensation of our Chief Executive Officer is approved by all of the independent members of the Board based in part on the recommendations of the Compensation Committee. Although empowered by its charter to approve the compensation of all of our executive officers other than our Chief Executive Officer, in practice, the Compensation Committee has typically made recommendations to the full Board, which has approved the compensation of all of our executive officers.

Annual Executive Compensation Decision-Making Processes

The Compensation Committee conducts an annual review of the performance and compensation of each of our executive officers, including Dr. Pereira. This review is typically conducted over a series of Compensation Committee meetings toward the end and just after the end of the completed fiscal year and is intended to coincide with the Company's annual company-wide performance review process.

To assist the Compensation Committee in its annual review, Dr. Pereira and other members of the senior management team typically provide the Compensation Committee with a written self-evaluation of the Company's overall performance and a proposed score against the performance goals established by the Compensation Committee and the Board at the outset of the year.

As discussed in further detail under "Goals" below, because the Company's overall performance goals allow for some amount of subjective and qualitative assessment, there have typically been a series of meetings and discussions among senior management, the Compensation Committee and the Board as to the exact and appropriate scoring of the Company's performance against the goals established by the Board at the outset of the year. At the conclusion of the foregoing discussions, the Compensation Committee exercises its discretion and recommends to the Board a final Company performance score for the completed fiscal year. Although the Board makes the final determination as to the Company's performance score, it tends to defer to the judgment of the Compensation Committee. As discussed in further detail below, the Company's annual performance score is then used in conjunction with each individual executive's performance score to establish the exact amount of each executive's bonus for the year.

Dr. Pereira also generally provides the Compensation Committee with a performance evaluation and proposed performance score for each executive officer, as well as recommendations with respect to each such executive officer's bonus amount for the completed fiscal year and annual salary and equity grant recommendations for the current year. The Compensation Committee typically provides

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substantial weight to both Dr. Pereira's evaluation of the performance of, and his recommendations with respect to base salary adjustments, bonus amounts and equity awards for, each of our executive officers. The Compensation Committee believes that Dr. Pereira is in the best position to evaluate the performance of and determine the appropriate level at which each of the Company's executive officers should be compensated for past performance and to ensure that they remain incentivized and engaged. Each executive's individual performance score ultimately determines the amount of his or her annual bonus, subject to the overall available company-wide bonus pool, which is based on the Company's overall score. For example, if for a given year the Company's overall performance score is 1.0, and an individual executive's score is also 1.0, then the executive is generally paid 100% of his or her target bonus amount. If the Company's overall score is 0.8, and an individual executive's score is 1.0, then the executive is generally paid 80% of his or her target bonus amount. Likewise, if the Company's overall score is 1.0, and an individual executive's score is 0.8, then the executive is generally paid 80% of his or her target bonus amount. Notwithstanding the foregoing framework, the Compensation Committee may also exercise its discretion, to award more or less than the amount determined by the foregoing formula based on its subjective and/or qualitative assessment of any individual executive's performance, contributions or potential, or simply to make the numbers round. For example, the Compensation Committee and the Board evaluated the Company's overall 2010 performance against the Company's goals approved at the outset of the year, as well as the Company's overall stock price performance during the year, and determined that, to remain consistent with our "pay-for-performance" philosophy with respect to executive compensation, it was not appropriate to pay our executives any bonuses for 2010 performance, regardless of the Company's or any individual executive's performance score for the year. Given the foregoing decision to not pay executive performance bonuses for 2010, the Compensation Committee and Dr. Pereira agreed that they would conduct a qualitative assessment of the 2010 performance of each executive rather than score each executive's performance with a number.

At or around the time the Compensation Committee reviews and approves the bonus amounts for the executives for the completed fiscal year, it also reviews the salary level of each executive and determines the amount of the annual equity grant to each executive for the then current fiscal year. In accordance with our executive compensation philosophy, the Compensation Committee seeks to ensure that each executive's salary is approximately at or above the median of similarly situated executives in our peer group and that the value of the annual equity grant to each executive is at or above the 75th percentile of the value of the annual equity grants to similarly situated executives in our peer group. The Compensation Committee then makes final recommendations for each executive's performance bonus, annual salary, and equity grant to the full Board, which makes the final determination as to each element of executive compensation for our executives. Notwithstanding the foregoing, after evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that, to remain consistent with our "pay-for-performance" philosophy, no adjustments to the annual salary rates of our executives were warranted for 2011.

With respect to Dr. Pereira, the Compensation Committee conducts its own independent review of his performance. For the fiscal year ended December 31, 2010, the Board and the Compensation Committee assigned Mr. Perez with the responsibility of interviewing the members of the Board and various executive officers of the Company and providing the Compensation Committee and the Board with an evaluation of Dr. Pereira's 2010 performance. In addition, Dr. Pereira generally provides the Compensation Committee and the Board with his own self-evaluation of his performance for the completed fiscal year. The Compensation Committee generally considers all of the foregoing and makes a determination as to the appropriate level of base salary, bonus and equity awards to recommend to the full Board with respect to Dr. Pereira. However, in terms of the annual performance bonus awarded to Dr. Pereira, the Compensation Committee typically recommends, and the Board typically approves, a bonus amount equal to the product of Dr. Pereira's target bonus amount and the Company's overall performance score for the completed year. For example, if for a given year the

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Company's overall score is 1.0, then Dr. Pereira is generally paid 100% of his target bonus amount. If the Company's overall score is 0.8, then Dr. Pereira is generally paid 80% of his target bonus amount. Given that Dr. Pereira has ultimate operational responsibility for the overall performance of the Company, the Compensation Committee and the Board believe that his individual annual performance goals and the Company's overall annual performance goals should be the same and that the Company's overall performance score should serve as the basis for determining Dr. Pereira's annual bonus amount. At or around the time the Compensation Committee reviews and approves the bonus amount for Dr. Pereira for the completed fiscal year, it also reviews his annual salary and determines the amount of his annual equity grant for the then current fiscal year. In accordance with our executive compensation philosophy, the Compensation Committee seeks to ensure that Dr. Pereira's salary is at or above the median of similarly situated chief executives in our peer group and that the value of the annual equity grant to him is at or above the 75th percentile of the annual equity grant of similarly situated chief executives in our peer group. The Compensation Committee then generally makes final recommendations for Dr. Pereira's performance bonus, annual salary, and equity grant to the full Board, which makes the final determination as to each element of Dr. Pereira's compensation. Notwithstanding the foregoing, after evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that, to remain consistent with our "pay-for-performance" philosophy, neither a bonus payment for Dr. Pereira's 2010 performance nor any adjustment to Dr. Pereira's annual salary rate for 2011 was warranted, regardless of the Company's or Dr. Pereira's individual performance score for the year.

Goals

At the beginning of each year, the Board establishes certain goals against which it will evaluate the Company's performance at the end of the year for purposes of making various executive compensation decisions, most notably, the annual bonus amount for Dr. Pereira. Senior management typically provides proposed Company goals for consideration by the Compensation Committee around the beginning of the fiscal year. The Compensation Committee then engages in a series of discussions, both in the presence of management and in executive session, and provides management with feedback on the proposed Company goals. There are typically several drafts presented to the Compensation Committee before management and the Compensation Committee agree on the Company goals and the weighting of each goal. The proposed Company goals and the weighting of each goal are then presented to the Board for approval, however, the Board tends to defer to the Compensation Committee's judgment. The weighting of the various Company goals is based on the Compensation Committee and the Board's subjective determination of the Company's relative strategic and operating priorities for the upcoming fiscal year.

The Compensation Committee endeavors to establish goals for the Company which are generally consistent with the Company's financial plan and operating budget for the year. Accordingly, the Compensation Committee generally has the expectation that the Company will achieve its baseline goals for the year and that scoring of the goals at the end of the year will likely yield a bonus payout at or about the target amount. In establishing the 2010 annual Company goals, the Compensation Committee also considered the fact that in the last reported fiscal year, the majority of companies in our peer group established executive bonus opportunities in the range of 0% to 200% of target and actually paid executive bonuses in the range of 80% to 120% of their published targeted amounts. The Compensation Committee expects that the annual performance score and the annual bonus payout to the Company's executives will generally fall into a range similar to that of our peer group, barring unexpectedly poor or unexpectedly superior performance.

In addition, Dr. Pereira works with each executive officer to establish his or her individual annual performance goals. Dr. Pereira then presents proposed goals for each executive officer to the Compensation Committee for review and evaluation. The Compensation Committee provides advice

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and input on the individual executive goals, however, it generally defers to Dr. Pereira's judgment in establishing the performance goals for each executive officer. Individual executive performance goals are not established or scored in as rigid a manner as the overall Company performance goals. Rather, individual executive performance goals are established in a manner that allows for more qualitative and subjective assessment. The Compensation Committee believes that Dr. Pereira is in the best position to evaluate the performance of the executives, other than himself, and the Compensation Committee believes that substantial deference to Dr. Pereira's evaluation of such executives and his related recommendations is generally appropriate. Notwithstanding the foregoing, given the Board and Compensation Committee's decision not to pay executive bonuses for 2010 in light of overall Company performance, the Compensation Committee and Dr. Pereira agreed that they would conduct a qualitative assessment of the 2010 performance of each executive rather than score each executive's performance with a number.

2010 Performance Goals

In accordance with the process detailed above, and based on the recommendation of the Compensation Committee after consultation with senior management, the Board established the Company's performance goals for the fiscal year ended December 31, 2010 as set forth in the table below. In addition, in early 2011, based on the recommendation of the Compensation Committee, the Board scored the 2010 goals as follows:

2010 Goal	Weight	Target Points	Points Awarded
Financial and Sales Performance	50%	50	4
<i>Feraheme</i> net sales			
<i>Feraheme</i> demand in the non-dialysis CKD market as of year-end			
<i>Feraheme</i> market share in the hospital segment as of year-end			
Indication and Market Expansion	35%	35	37.5
Enrollment of planned <i>Feraheme</i> Phase III program in patients with iron deficiency anemia			
Enrollment in planned head-to-head clinical trial of <i>Feraheme</i> versus iron sucrose			
Submission of <i>Feraheme</i> marketing authorization application to the European Medicines Agency			
Enrollment in planned pediatric trials of <i>Feraheme</i>			
Completion of Phase II trial of ferumoxytol as a vascular enhancing agent in patients with peripheral arterial			

disease			
Manufacturing	15%	15	5
Successful inspection of Cambridge, Massachusetts manufacturing facility, if required by the FDA			
Progress toward FDA approval of second source manufacturers for <i>Feraheme</i>			
Total	100%	100	46.5*

*

As described below, the Board and the Compensation Committee awarded the Company a final 2010 performance score of 51.5 after re-allocating certain points which were originally allocated to other goals beyond the control of the Company.

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The Board and the Compensation Committee believed that awarding four out of a possible 50 points for the Company's *Feraheme* financial and sales performance goals was appropriate because the Company fell well short of its *Feraheme* net sales goals and therefore received no points for sales performance, however, the Board and Compensation Committee agreed to award four points for the Company's achievement of certain *Feraheme* non-dialysis CKD demand goals, the achievement of which were important to lay the groundwork for future *Feraheme* commercial success. The Board and the Compensation Committee believed that awarding 37.5 points out of a possible 35 points for the Company's *Feraheme* indication and market expansion goals was appropriate because the Company met, and in some cases exceeded, these goals, including the initiation of enrollment in the Company's global Phase III clinical trials of *Feraheme* for the treatment of all patients with iron deficiency anemia and the submission of the Company's marketing authorization application for *Feraheme* to the European regulatory authorities, on or ahead of schedule. Because the Board and the Compensation Committee believed that achievement of the foregoing *Feraheme* indication and market expansion goals will be significant drivers of the Company's future value, and because these goals were achieved on or ahead of schedule, the Board awarded 37.5 points with respect to these goals for 2010. Finally, the Board and the Compensation Committee awarded five points out of a possible 15 points for the Company's achievement of certain manufacturing goals. Specifically, the Company made significant progress toward obtaining FDA approval of certain alternative source manufacturers for *Feraheme* in addition to our Cambridge, Massachusetts manufacturing facility and transitioning to a supply chain that includes these manufacturers, which will be important to reduce manufacturing risk and, ultimately, to improve the Company's financial performance.

Since the FDA did not conduct an inspection of our Cambridge, Massachusetts facility in 2010, the Board and the Compensation Committee re-allocated the ten possible points associated with that 2010 goal to the remaining goals by multiplying the 46.5 points achieved as set forth above by a factor of 1.11. As a result, the Board and the Compensation Committee scored the Company's overall 2010 performance at 51.5 out of 100 points.

In addition to the base 2010 performance goals set forth above, the Board had approved certain additional "upside opportunities" which, if realized, could result in the award of additional points to the Company's final 2010 performance score. These upside opportunities included the execution of a successful financing transaction, the execution of a significant commercial partnership, and the execution of a significant acquisition or in-licensing transaction. Although the Company executed a successful financing transaction in January 2010 and a significant *Feraheme* commercial partnership agreement with Takeda Pharmaceutical Company Limited in March 2010, the Board and the Compensation Committee did not believe that the award of any additional points was warranted, given the Company's overall 2010 performance, including its stock price performance.

After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Board and the Compensation Committee determined that, despite the overall Company performance score of 51.5 points, it was not appropriate to award a 2010 performance bonus to any of our executive officers, including our Chief Executive Officer, to remain consistent with our "pay-for-performance" philosophy.

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Based in part on the recommendation of the Compensation Committee and after consultation with senior management, the Board established the following Company performance goals, which will also serve as the performance goals of Dr. Pereira, for the fiscal year ending December 31, 2011:

2011 Goal	Weight	Target Points
Financial and Sales Performance	50%	50
<i>Feraheme</i> net sales		
<i>Feraheme</i> market share in the hematology/oncology and hospital segments as of year-end		
Year-end cash and investments balance		
Indication and Market Expansion	30%	30
Completion of enrollment of ongoing <i>Feraheme</i> Phase III clinical trials in patients with iron deficiency anemia		
Approval of <i>Feraheme</i> marketing applications in Canada and/or European Union		
Manufacturing	20%	20
FDA approval of alternative source manufacturers for <i>Feraheme</i> and transition to a supply chain that includes such manufacturers		
Total	100%	100

The Compensation Committee and the Board believe that, given that *Feraheme* sales are the primary source of the Company's revenues, the Company's 2011 performance goals should be heavily weighted toward *Feraheme* sales performance. Accordingly, half of the Company's (and Dr. Pereira's) performance will be scored on the basis of *Feraheme* net sales, *Feraheme* market share in the hematology/oncology and hospital segments, and our year-end cash and investments balance. Specifically, the Company's (and Dr. Pereira's) 2011 goals are to achieve our publicly-announced *Feraheme* net sales and market share targets, particularly in the hematology/oncology and hospital segments, where a significant number of CKD patients with iron deficiency anemia are treated and which segments are key to the commercial success of *Feraheme*. In addition, the Company's (and Dr. Pereira's) 2011 goals include the realization of our publicly-announced target year-end cash and investments balance.

The Compensation Committee and the Board also believe that the Company's planned indication and market expansion programs for *Feraheme* will be a significant driver of the future value of the Company. Accordingly, 30% of the Company's (and Dr. Pereira's) 2011 performance will be scored on the basis of the timely completion of enrollment in our ongoing Phase III clinical studies of *Feraheme* in patients with iron deficiency anemia and progress toward approval of our marketing applications for *Feraheme* for the treatment of iron deficiency in CKD patients in Canada and the European Union.

The Compensation Committee and the Board also believe that FDA approval of alternative source manufacturers for *Feraheme* in addition to our Cambridge, Massachusetts manufacturing facility and our transition to a supply chain that includes these manufacturers will be important to reduce manufacturing risk and, ultimately, to improve the Company's financial performance. Accordingly, 20% of the Company's (and Dr. Pereira's) 2011 performance will be scored on the basis of the timely FDA approval of alternative source manufacturers for *Feraheme* and our transition to such alternative source manufacturers.

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In addition to the base 2011 performance goals set forth above, based on the recommendation of the Compensation Committee, the Board approved certain "upside opportunities" which, if realized, could result in the award of up to an additional 20 points to the Company's (and Dr. Pereira's) final 2011 performance score. The types of additional accomplishments which could potentially result in the award of additional 2011 performance points include the execution of a *Feraheme* commercial partnership or other significant business transaction and the release of positive results from one or more of our ongoing Phase III clinical trials of *Feraheme* in patients with iron deficiency anemia.

The Compensation Committee and the Board believe that the foregoing upside opportunities, if executed, would place the Company in position for long-term success and drive long-term stockholder value. However, the Board and the Compensation Committee also acknowledge that the realization of these opportunities is significantly dependent on third parties or other events or conditions which are, to a large extent, outside of the control of management. As a result, the Compensation Committee and the Board believe that it is more appropriate that these opportunities be viewed as upside opportunities rather than as the base performance goals of the Company. The Compensation Committee and the Board have not assigned exact point totals to each of the upside opportunities, but rather will exercise its discretion in determining how many, if any, points to award in the event that any of the upside opportunities are achieved.

Independent Compensation Consultants

Under its charter, the Compensation Committee is authorized to engage such independent advisors as it deems necessary or appropriate to carry out its responsibilities. In mid-2009, the Compensation Committee retained F.W. Cook to, among other things:

Evaluate and provide recommendations with respect to the composition of the Company's existing peer group companies;

Evaluate the Company's executive compensation practices, including the current level of salary, bonus and equity provided to each executive officer, against the practices of an updated peer group and in light of the Company's executive compensation philosophy statement; and

Evaluate the Company's company-wide equity granting practices and recommend strategies to maximize the available equity pool.

The Compensation Committee believes that it is appropriate to conduct a thorough independent review of the Company's overall executive compensation practices relative to its peer group, as well as the composition of the peer group itself, approximately every other year. The Compensation Committee believes that this biannual approach is the most efficient, given the amount of time, effort, and cost associated with conducting a comprehensive executive compensation review and making any necessary adjustments to our executive compensation practices. Accordingly, given that F.W. Cook had just performed a thorough analysis of the Company's executive compensation practices and peer group in 2009 to reflect the Company's evolution into a commercial biopharmaceutical company and there had been no fundamental changes in the Company's business since that time, the Compensation Committee did not hire an independent advisor to conduct a comprehensive review of the Company's executive compensation practices and peer group in 2010. However, the Compensation Committee retained F.W. Cook in 2010 to provide advice and consultation to the Compensation Committee when specific executive compensation issues or questions arose.

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Peer Group

With the approval of the Compensation Committee and input from senior management, F.W. Cook used the following criteria to develop the proposed peer group for purposes of the Compensation Committee's 2009 evaluation of the Company's executive compensation practices:

14 to 20 companies to ensure a statistically significant and meaningful market sample.

Publicly-traded, U.S. companies that are not divisions or subsidiaries of larger parent companies.

Companies with reasonable financial health and current with their SEC disclosures.

Similarity in business model, industry, complexity, and size.

Similar market capitalization (between \$500 million and \$3 billion).

Commercial stage companies with at least one approved drug product.

Annual revenue of less than \$1 billion.

F.W. Cook solicited input from senior management before making its final recommendation to the Compensation Committee. The Compensation Committee accepted the recommendations proposed by F.W. Cook with respect to our peer group. Accordingly, beginning with the 2009-2010 performance and executive compensation review cycle, the Compensation Committee based its review with reference to the following peer group companies:

Abraxis Bioscience, LLC	Isis Pharmaceuticals, Inc.
Alexion Pharmaceuticals, Inc.	Onyx Pharmaceuticals, Inc.
Alkermes, Inc.	Osi Pharmaceuticals, Inc.
Amylin Pharmaceutical, Inc.	Regeneron Pharmaceuticals, Inc.
Auxilium Pharma, Inc.	Savient Pharmaceuticals, Inc.
Biomarin Pharmaceuticals, Inc.	United Therapeutics Corp
Cubist Pharmaceuticals, Inc.	Viropharma, Inc.
Intermune, Inc.	

The Compensation Committee noted that, although the Company was at the lower end of the peer group in terms of certain criteria, such as market capitalization and revenue, the peer group was appropriate given that the Company had evolved into a commercial biopharmaceutical company following the June 2009 FDA approval of *Feraheme* and its belief that the peer group should be somewhat aspirational given that these are the types of companies with whom the Company competes for executive talent.

F.W. Cook Conclusions

In late 2009, F.W. Cook provided the Compensation Committee with its final report with respect to the Company's executive compensation practices as compared to the practices of the updated peer group and in light of the Company's executive compensation philosophy statement. The primary conclusions from the F.W. Cook report were the following:

2009 salary rates for all of our executives were below the median relative to similarly situated executives in our peer group, with Dr. Pereira's annual salary rate being the farthest below the median;

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2009 target bonus amounts as a percentage of base salary for all of our executives were generally at or below the median relative to similarly situated executives in our peer group;

2009 total target cash compensation for all of our executives was below the median relative to similarly situated executives in our peer group;

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The value of equity awards to our executives have been above, and in the case of Dr. Pereira, well above, the 75th percentile, relative to similarly situated executives in our peer group;

2009 total direct compensation being paid to our executives was positioned between the median and 75th percentile relative to similarly situated executives in our peer group; and

The in-the-money value of equity awards held by our executive officers was generally at the median relative to similarly situated executives in our peer group.

For comparable executive officer positions for which there was publicly available proxy data, such as the Chief Executive Officer and Chief Financial Officer positions, F.W. Cook's report was based on such data. For comparable executive officer positions for which no or incomplete data was available, F.W. Cook's report was based in whole or in part upon available survey data of similarly sized (150 to 499 employees) biotechnology companies.

The 2009 F.W. Cook report confirmed that our existing executive compensation practices were generally in line with our overall executive compensation philosophy. In particular, the 2009 F.W. Cook report confirmed that we had been adhering to our philosophy that total executive compensation should be more heavily weighted toward long-term incentive compensation to ensure that the interests of our executives are aligned with those of our stockholders and that the proportion of total compensation at risk should rise as an executive's level of responsibility increases. However, as discussed in further detail below under "*Recent Compensation Decisions with respect to our Named Executive Officers*," in reliance upon certain of the recommendations contained in the 2009 F.W. Cook report, the Compensation Committee recommended to the Board certain adjustments to the 2010 annual salary rates and 2010 target bonus amounts of certain of our named executive officers to ensure alignment with our executive compensation philosophy that our executives should receive an annual base salary and a target annual bonus percentage equal to approximately the median salary and target annual bonus percentage of similarly situated executives in our peer group. In February 2010, the Board approved the 2010 salary rate and target bonus recommendations of the Compensation Committee.

The Compensation Committee's recommendations to the Board with respect to the size of the 2010 equity grants to our named executive officers were also based largely on the data contained in the 2009 F.W. Cook report to be consistent with our executive compensation philosophy that the value of annual equity awards to our executives should be at or above the 75th percentile relative to similarly situated executives in our peer group. In addition, the Compensation Committee recommended that the 2010 annual equity award to our named executive officers be split so that approximately 50% of the total grant would be awarded in the form of stock options and approximately 50% of the total grant would be awarded in the form of RSUs, after adjusting for the ratio of options to RSUs, as described below. Our historical practice had been to award 100% of the total annual equity grant to executives in the form of stock options, however, in an attempt to maximize the available equity pool, the Compensation Committee elected to provide RSUs as part of the annual award. For executive compensation purposes, the Compensation Committee values RSUs at a ratio of one-to-three as compared to stock options, which the Compensation Committee believes is standard practice among companies that grant RSUs. The Compensation Committee did not rely on the 2009 F.W. Cook report in making its recommendation regarding the split of the annual equity grant between stock options and RSUs. In February 2010, the Board approved the 2010 equity grant recommendations of the Compensation Committee.

Recent Compensation Decisions With Respect To Our Named Executive Officers

Determinations of 2010 base salary, 2010 bonus targets, and 2010 equity awards for our named executive officers, including Dr. Pereira, were made by the Board, based on the recommendations of the Compensation Committee, at the beginning of fiscal 2010, as discussed in detail below.

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After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that, to remain consistent with our "pay-for-performance" philosophy, neither a bonus payment for 2010 performance nor any adjustment to the annual salary rate for 2011 was warranted for any of our executive officers, including Dr. Pereira. However, based in part on the recommendations of the Compensation Committee, the Board provided each of our executive officers, including Dr. Pereira, with certain equity awards in January 2011. In determining whether to grant our executives, including Dr. Pereira, an equity award in 2011, as well as the size and structure of any such awards, the Compensation Committee and the Board considered that the exercise prices of almost all of the executives' current stock option holdings were above (and in many cases, significantly above) the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. In addition, in determining the size and structure of the equity grants to our executive officers, other than Dr. Pereira, the Compensation Committee and the Board gave substantial weight to the recommendations of Dr. Pereira. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that our executives remained motivated and engaged and that their short- and long-term interests remained aligned with those of our stockholders. Accordingly, in January 2011 the Board awarded each of our executives, including Dr. Pereira, certain RSU grants which are described in detail below.

As stated above, our executive compensation philosophy is that the value of annual equity awards to our executives should be at or above the 75th percentile relative to similarly situated executives in our peer group. The value of the RSU awards granted to each of our executive officers in January 2011 significantly exceeds the 75th percentile relative to similarly situated executives in our peer group, which the Compensation Committee and the Board believed was appropriate given the factors described in the immediately preceding paragraph and the Compensation Committee's and the Board's desire to ensure that are our executives remain motivated and engaged and that our executives' short- and long-term interests remain aligned with those of our stockholders.

Although our historical practice had been to grant a substantial portion of the annual equity grant to our executives in the form of stock options, the Compensation Committee recommended, and the Board agreed, that all of the January 2011 equity awards to our executives, including Dr. Pereira, would be granted in the form of RSUs. The Compensation Committee and the Board felt that an award comprised entirely of RSUs would help assure that our executives remained motivated and engaged and that our executives' short- and long-term interests remain aligned with those of our stockholders, particularly in light of the fact that the exercise prices of almost all of the executives' current stock option holdings were above (and in many cases, significantly above) the trading price of our common stock.

In January 2011, each of our executives, other than Dr. Pereira, received two RSU grants with two distinct vesting schedules. The base RSU grant to each executive, other than Dr. Pereira, will vest in three installments as follows: 50% on the first anniversary of the grant date, 25% on the second anniversary of the grant date, and 25% on the third anniversary of the grant date. Although our standard practice had been to grant our executives equity which vests in four equal annual installments, the Compensation Committee and the Board gave substantial weight to Dr. Pereira's recommendation with respect to the foregoing vesting schedule for executives other than himself to ensure that the executives remain motivated and engaged in the short-term as well as the long-term, particularly in light of the numerous short-term challenges facing the Company and the fact that none of the executives would be receiving a performance bonus for 2010. In addition, as discussed in further detail below, each executive, other than Dr. Pereira, also received an additional smaller RSU grant which would vest in a single installment on the earlier of (i) the fourth anniversary of the grant date and (ii) immediately prior to a change of control of the Company, subject in either case to a performance condition tied to the price of the Company's common stock.

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In January 2011, the Board also provided Dr. Pereira with two RSU grants with two distinct vesting schedules. The base RSU grant to Dr. Pereira will vest in four equal annual installments on the four anniversaries of the grant date, consistent with our standard practice to ensure that Dr. Pereira remains focused on the long-term value of the Company. In addition, as discussed in further detail below, Dr. Pereira also received an additional larger RSU grant which would vest in a single installment on the earlier of (i) the fourth anniversary of the grant date and (ii) immediately prior to a change of control of the Company, subject in either case to a performance condition tied to the price of the Company's common stock.

The Compensation Committee and the Board believe that it was important that the vesting of a substantial portion of the foregoing RSU grants, particularly those granted to Dr. Pereira, be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy. Accordingly, the vesting of 62.5% of Dr. Pereira's total 2011 RSU grant, and a smaller percentage (between approximately 13% and 20%) of the total RSU grants to the other executives, is contingent upon the performance condition that the per share price of our common stock increase to at least \$30.00 per share by the applicable vesting date. The \$30.00 per share target price was established based on the subjective determination of the Compensation Committee, subsequently approved by the Board, to reflect a substantial increase, approximately 67%, over the then current trading price of our common stock, which was approximately \$18.00 per share. The Compensation Committee and the Board also believe that the foregoing stock price performance condition and the structure of the foregoing RSU grants are consistent with our philosophy that the proportion of total compensation at risk should rise as an executive's level of responsibility increases to reflect the executive's ability to influence overall Company performance.

Although the Compensation Committee consulted with F.W. Cook, its independent compensation consultant, in determining the exact size and structure of the foregoing RSU awards, the Compensation Committee did not rely on the 2009 F.W. Cook report or any specific data or benchmarks in making its recommendations to the Board with respect to such awards.

Chief Executive Officer Compensation

2010 Base Salary. In February 2010, the Board approved, based on the recommendation of the Compensation Committee, an increase in Dr. Pereira's annual base salary from \$530,000 to \$630,000, effective March 1, 2010. The Compensation Committee based its recommendation, in part, on the 2009 F.W. Cook report, which stated that the median base salary for chief executive officers in our peer group was approximately \$655,000. Accordingly, the Compensation Committee recommended a round \$100,000 salary increase which, when combined with his 2010 target bonus amount, would place Dr. Pereira's 2010 target total cash compensation at the median of similarly situated chief executives in our peer group, which is consistent with our executive compensation philosophy.

2010 Equity Award. In February 2010, the Board approved, based on the recommendation of the Compensation Committee, a grant to Dr. Pereira of an option to purchase 47,500 shares of our common stock and a grant of RSUs covering a total of 15,833 shares of our common stock pursuant to our 2007 Plan. The stock option has an exercise price of \$38.29, which was the fair market value of a share of our common stock on the date of grant, vests in equal annual installments over a four-year period beginning on the first anniversary of the date of grant, and has a ten-year term. The RSUs vest in equal annual installments over a four-year period beginning on the first anniversary of the date of grant. The Compensation Committee recommended the foregoing equity awards because they were equal in aggregate value to the 75th percentile of the equity awards granted to similarly situated chief executives in our peer group, according to the 2009 F.W. Cook report, which is consistent with our executive compensation philosophy.

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2010 Bonus Amount. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to pay Dr. Pereira a cash bonus for 2010 performance.

2011 Base Salary. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to make any upward adjustment to Dr. Pereira's base salary and set his 2011 base salary at \$630,000, which is the same as his 2010 base salary.

2011 Target Bonus. Dr. Pereira's 2011 target performance bonus as a percentage of his annual salary rate is 75% for the year ending December 31, 2011. This represents no change in Dr. Pereira's target performance bonus amount from 2010.

2011 Equity Award. In January 2011, the Board approved, based in part on the recommendation of the Compensation Committee, two separate grants of RSUs to Dr. Pereira pursuant to our 2007 Plan covering a total of 200,000 shares of our common stock. The base grant is comprised of RSUs covering a total of 75,000 shares of our common stock, which vest in four equal annual installments beginning on the first anniversary of the date of grant. The second grant is comprised of RSUs covering a total of 125,000 shares of our common stock, which vest in a single installment on the earlier of (i) the fourth anniversary of the date of grant and (ii) immediately prior to a change of control of the Company, provided, that in either case the closing price of a share of the Company's common stock is at least \$30.00 per share. As described under "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," in authorizing the foregoing RSU grants, the Compensation Committee and the Board considered that the exercise prices of most of Dr. Pereira's current stock option holdings were above (and in many cases, significantly above) the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that Dr. Pereira remained motivated and engaged and that his short- and long-term interests remained aligned with those of our stockholders. Finally, the Compensation Committee and the Board believed that it was important that the vesting of a substantial portion of the foregoing RSU grants be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy.

Other Named Executive Officers' Compensation

David A. Arkowitz, Executive Vice President, Chief Financial Officer, Chief Business Officer

2010 Base Salary. In February 2010, the Board approved, based on the recommendation of the Compensation Committee, an increase in Mr. Arkowitz' annual base salary from \$350,000 to \$400,000, effective March 1, 2010. The Compensation Committee based its recommendation, in part, on the recommendation of Dr. Pereira and, in part, on the 2009 F.W. Cook report, which stated that the proposed base salary was at the median for similarly situated executives in our peer group. Accordingly, the Compensation Committee recommended an increase in Mr. Arkowitz' base salary to \$400,000 which, when combined with his 2010 target bonus amount, would place Mr. Arkowitz' 2010 target total cash compensation at the median of similarly situated executives in our peer group, which is consistent with our executive compensation philosophy.

2010 Equity Award. In early 2010, the Compensation Committee considered an annual equity grant to Mr. Arkowitz based on Dr. Pereira's recommendation. Consistent with our compensation philosophy, the size of the proposed grant was approximately equal in value to the 75th percentile of similarly situated executives in our peer group, as reflected in the 2009 F.W. Cook Report. In February 2010, based on the recommendation of the Compensation Committee, the Board granted to

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Mr. Arkowitz stock options to purchase 22,500 shares of our common stock at an exercise price equal to \$38.29 per share, which was equal to the fair market value of a share of our common stock on the date of grant, and RSUs covering a total of 7,500 shares of our common stock. The foregoing stock options and RSUs vest in four equal annual installments beginning on the first anniversary of the date of grant, and the stock options have a ten-year term.

2010 Bonus Amount. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to pay Mr. Arkowitz a cash bonus for 2010 performance.

2011 Base Salary. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to make any upward adjustment to Mr. Arkowitz' base salary and set his 2011 base salary at \$400,000, which is the same as his 2010 base salary.

2011 Target Bonus. Mr. Arkowitz' 2011 target performance bonus as a percentage of his annual salary rate is 50% for the year ending December 31, 2011. This represents no change in Mr. Arkowitz' target performance bonus amount from 2010.

2011 Equity Award. In January 2011, the Board approved, based on the recommendations of both the Compensation Committee and Dr. Pereira, two separate grants of RSUs to Mr. Arkowitz pursuant to our 2007 Plan covering a total of 40,000 shares of our common stock. The base grant is comprised of RSUs covering a total of 35,000 shares of our common stock, which vest in three annual installments as follows: 50% on the first anniversary of the grant date, 25% on the second anniversary of the grant date, and 25% on the third anniversary of the grant date. The second grant is comprised of RSUs covering a total of 5,000 shares of our common stock, which vest in a single installment on the earlier of (i) the fourth anniversary of the date of grant and (ii) immediately prior to a change of control of the Company, provided, that in either case the closing price of a share of the Company's common stock is at least \$30.00 per share. As described in more detail under "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," in authorizing the foregoing RSU grants, the Compensation Committee and the Board gave considerable deference to the recommendations of Dr. Pereira. The Compensation Committee and the Board also considered that the exercise prices of all of Mr. Arkowitz' current stock option holdings were above (and in many cases, significantly above) the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that Mr. Arkowitz remained motivated and engaged and that his short- and long-term interests remained aligned with those of our stockholders. Finally, the Compensation Committee and the Board believed that it was important that the vesting of a portion of the foregoing RSU grants be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy.

Lee F. Allen, M.D., Ph.D., Executive Vice President and Chief Medical Officer

2010 Base Salary. In February 2010, the Board approved, based on the recommendation of the Compensation Committee, an increase in Dr. Allen's annual base salary from \$330,000 to \$350,000, effective March 1, 2010. The Compensation Committee based its recommendation, in part, on the recommendation of Dr. Pereira and, in part, on the 2009 F.W. Cook report, which stated that the proposed base salary was at or slightly below the median base salary for similarly situated executives in our peer group. Accordingly, the Compensation Committee recommended an increase in Dr. Allen's base salary to \$350,000 which, when combined with his 2010 target bonus amount, would place Dr. Allen's 2010 target total cash compensation at approximately the median of similarly situated executives in our peer group, which is consistent with our executive compensation philosophy.

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2010 Equity Award. In early 2010, the Compensation Committee considered an annual equity grant to Dr. Allen based on Dr. Pereira's recommendation. Consistent with our compensation philosophy, the size of the proposed grant was approximately equal in value to the 75th percentile of similarly situated executives in our peer group, as reflected in the 2009 F.W. Cook Report. In February 2010, based on the recommendation of the Compensation Committee, the Board granted to Dr. Allen stock options to purchase 16,250 shares of our common stock at an exercise price equal to \$38.29 per share, which was equal to the fair market value of a share of our common stock on the date of grant, and RSUs covering a total of 5,417 shares of our common stock. The foregoing stock options and RSUs vest in four equal annual installments beginning on the first anniversary of the date of grant, and the stock options have a ten-year term.

2010 Bonus Amount. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to pay Dr. Allen a cash bonus for 2010 performance.

2011 Base Salary. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to make any upward adjustment to Dr. Allen's base salary and set his 2011 base salary at \$350,000, which is the same as his 2010 base salary.

2011 Target Bonus. In January 2011, the Board approved, based on the recommendations of both the Compensation Committee and Dr. Pereira, an increase in Dr. Allen's 2011 target bonus amount, as a percentage of his base salary, from 40% to 50%. The Compensation Committee and Dr. Pereira based their recommendations on the fact that the Board had established the 2011 bonus target percentage of the other two Executive Vice Presidents of the Company, Messrs. Arkowitz and Zieziula, at 50% of their respective base salary and that a key objective of our executive compensation program is to maintain internal parity among similarly-situated executives to the extent practicable.

2011 Equity Award. In January 2011, the Board approved, based on the recommendations of both the Compensation Committee and Dr. Pereira, two separate grants of RSUs to Dr. Allen pursuant to our 2007 Plan covering a total of 30,000 shares of our common stock. The base grant is comprised of RSUs covering a total of 25,000 shares of our common stock, which vest in three annual installments as follows: 50% on the first anniversary of the grant date, 25% on the second anniversary of the grant date, and 25% on the third anniversary of the grant date. The second grant is comprised of RSUs covering a total of 5,000 shares of our common stock, which vest in a single installment on the earlier of (i) the fourth anniversary of the date of grant and (ii) immediately prior to a change of control of the Company, provided, that in either case the closing price of a share of the Company's common stock is at least \$30.00 per share. As described in more detail under "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," in authorizing the foregoing RSU grants, the Compensation Committee and the Board gave considerable deference to the recommendations of Dr. Pereira. The Compensation Committee and the Board also considered that the exercise prices of all of Dr. Allen's current stock option holdings were above (and in many cases, significantly above) the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that Dr. Allen remained motivated and engaged and that his short- and long-term interests remained aligned with those of our stockholders. Finally, the Compensation Committee and the Board believed that it was important that the vesting of a portion of the foregoing RSU grants be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy.

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Ricardo Zayas, Former Senior Vice President of Operations

2010 Base Salary. In February 2010, the Board approved, based on the recommendation of the Compensation Committee, an increase in Mr. Zayas' annual base salary from \$300,000 to \$310,000, effective March 1, 2010. The Compensation Committee agreed with Dr. Pereira's recommendation that, given that Mr. Zayas had just recently joined the Company and had negotiated his salary rate at arm's length, no further market-based adjustment to his salary was necessary at that time and that the foregoing 3.33% merit increase was in line with the 3.5% merit increase pool established for all other employees of the Company. The 3.5% company-wide merit pool was established based in part upon available survey data for companies in our industry.

2010 Equity Award. In early 2010, the Compensation Committee considered an annual equity grant to Mr. Zayas based on Dr. Pereira's recommendation. Consistent with our compensation philosophy, the size of the proposed grant was approximately equal in value to the 75th percentile of similarly situated executives in our peer group, as reflected in the 2009 F.W. Cook Report. In February 2010, based on the recommendation of the Compensation Committee, the Board granted to Mr. Zayas stock options to purchase 10,000 shares of our common stock at an exercise price equal to \$38.29 per share, which was equal to the fair market value of a share of our common stock on the date of grant, and RSUs covering a total of 3,333 shares of our common stock. The foregoing stock options and RSUs were scheduled to vest in four equal annual installments beginning on the first anniversary of the date of grant, and the stock options had a ten-year term.

2010 Bonus Amount. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to pay Mr. Zayas a cash bonus for 2010 performance.

2011 Base Salary. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to make any upward adjustment to Mr. Zayas' base salary and set his 2011 base salary at \$310,000, which was the same as his 2010 base salary.

2011 Target Bonus. Mr. Zayas' 2011 target performance bonus as a percentage of his annual salary rate was set at 40% for the year ending December 31, 2011. This represented no change in Mr. Zayas' target performance bonus amount from 2010.

2011 Equity Award. In January 2011, the Board approved, based on the recommendations of both the Compensation Committee and Dr. Pereira, two separate grants of RSUs to Mr. Zayas pursuant to our 2007 Plan covering a total of 20,000 shares of our common stock. The base grant is comprised of RSUs covering a total of 16,000 shares of our common stock, which vest in three annual installments as follows: 50% on the first anniversary of the grant date, 25% on the second anniversary of the grant date, and 25% on the third anniversary of the grant date. The second grant is comprised of RSUs covering a total of 4,000 shares of our common stock, which vest in a single installment on the earlier of (i) the fourth anniversary of the date of grant and (ii) immediately prior to a change of control of the Company, provided, that in either case the closing price of a share of the Company's common stock is at least \$30.00 per share. As described in more detail under "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," in authorizing the foregoing RSU grants, the Compensation Committee and the Board gave considerable deference to the recommendations of Dr. Pereira. The Compensation Committee and the Board also considered that the exercise prices of all of Mr. Zayas' then current stock option holdings were above the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that Mr. Zayas remained motivated and engaged and that his short- and long-term interests remained aligned with those of our stockholders. Finally, the Compensation

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Committee and the Board believed that it was important that the vesting of a portion of the foregoing RSU grants be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy.

Mr. Zayas resigned from the Company in February 2011, thereby forfeiting all rights in the foregoing equity grants, as well as any rights to be paid any additional base salary or bonus for 2011.

Gary J. Zieziula, Executive Vice President and Chief Commercial Officer

2010 Base Salary, Equity Award and Bonus Target. Mr. Zieziula joined us as Executive Vice President and Chief Commercial Officer in April 2010. Upon joining the Company, Mr. Zieziula entered into an employment agreement with us which established his annual salary at \$385,000 and his annual bonus target at 50% of his base salary. In addition, in connection with joining the Company, the Board, based on the recommendation of the Compensation Committee, granted Mr. Zieziula stock options to purchase 50,000 shares of our common stock at an exercise price equal to \$37.46 per share, which was equal to the fair market value of a share of our common stock on the date of grant, and RSUs covering a total of 10,000 shares of our common stock. The foregoing stock options and RSUs vest in four equal annual installments beginning on the first anniversary of the date of grant, and the stock options have a ten-year term. In addition, we agreed to pay certain expenses in connection with Mr. Zieziula's relocation to Boston, which amount totaled \$16,116 and includes a \$6,116 tax "gross-up" payment. We also reimbursed Mr. Zieziula for certain travel expenses associated with his travel to and from Boston, which totaled \$4,235.

The terms of Mr. Zieziula's original employment agreement, including his 2010 base salary, 2010 bonus target amount, sign-on equity awards, and relocation and travel reimbursements were negotiated at arm's length between Mr. Zieziula and the Company. During our search for the Executive Vice President and Chief Commercial Officer position, the Compensation Committee provided Dr. Pereira certain parameters within which he could negotiate the compensation for any given candidate. The foregoing parameters were based on our compensation philosophy of paying base salary and establishing bonus targets that are at the median or higher for similarly-situated executives in our peer group and awarding equity grants at the 75th percentile or higher for similarly-situated executives and on the Compensation Committee's review of the 2009 F.W. Cook report. After negotiating his proposed 2010 compensation directly with Mr. Zieziula, Dr. Pereira presented the proposed compensation package and employment agreement to the full Board, which approved the compensation package based on the recommendation of Dr. Pereira and the Compensation Committee.

2010 Bonus Amount. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to pay Mr. Zieziula a cash bonus for 2010 performance.

2011 Base Salary. After evaluating the Company's overall 2010 performance, including its overall stock price performance, the Compensation Committee and the Board determined that it was not appropriate to make any upward adjustment to Mr. Zieziula's base salary, particularly given the fact that he had just recently joined the Company, and set his 2011 base salary at \$385,000, which is the same as his 2010 base salary.

2011 Target Bonus. Mr. Zieziula's 2011 target performance bonus as a percentage of his annual salary rate is set at 50% for the year ending December 31, 2011. This represents no change in Mr. Zieziula's target performance bonus amount from 2010.

2011 Equity Award. In January 2011, the Board approved, based on the recommendations of both the Compensation Committee and Dr. Pereira, two separate grants of RSUs to Mr. Zieziula pursuant to our 2007 Plan covering a total of 30,000 shares of our common stock. The base grant is comprised of RSUs covering a total of 25,000 shares of our common stock, which vest in three annual installments

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as follows: 50% on the first anniversary of the grant date, 25% on the second anniversary of the grant date, and 25% on the third anniversary of the grant date. The second grant is comprised of RSUs covering a total of 5,000 shares of our common stock, which vest in a single installment on the earlier of (i) the fourth anniversary of the date of grant and (ii) immediately prior to a change of control of the Company, provided, that in either case the closing price of a share of the Company's common stock is at least \$30.00 per share. As described in more detail under "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," in authorizing the foregoing RSU grants, the Compensation Committee and the Board gave considerable deference to the recommendations of Dr. Pereira. The Compensation Committee and the Board also considered that the exercise prices of Mr. Zieziula's current stock option holdings were above the trading price of our common stock, and that the Company was facing a number of short- and long-term challenges with respect to the development and commercialization of *Feraheme*. Given these factors, the Compensation Committee and the Board felt that it was important to ensure that Mr. Zieziula remained motivated and engaged and that his short- and long-term interests remained aligned with those of our stockholders. Finally, the Compensation Committee and the Board believed that it was important that the vesting of a portion of the foregoing RSU grants be based on a performance condition, specifically, our stock price performance, to ensure alignment with our "pay-for-performance" executive compensation philosophy.

Amendment of Employment Agreements With Named Executive Officers

On February 1, 2011, the Company entered into an amendment of the respective employment agreements between the Company and each of our named executive officers, including Dr. Pereira.

During 2010, members of our senior management requested that the Compensation Committee consider certain amendments to the existing employment agreements between the Company and each of its named executive officers. The Compensation Committee unanimously agreed with management's proposal and recommended that the full Board approve the proposed amendments. Based on the foregoing recommendation of the Compensation Committee, the Board unanimously approved the amendment of each of the respective employment agreements between the Company and each of our named executive officers to provide:

- (1) For removal of the tax "gross-up" provision contained therein which required the Company to make the executive whole with respect to any excise tax liability incurred by the executive pursuant to Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, or the Code, in the event of a change of control of the Company. The foregoing gross-up provision was replaced with a provision whereby any payments otherwise due to the executive in connection with a change of control will be reduced to the extent necessary so that no excise taxes would be due on any such payments, but only if such reduction would result in the executive retaining a larger portion of such payments on an after-tax basis than if no reduction was made and the excise taxes had been paid.
- (2) That if the executive's employment is terminated without cause or with good reason (each as defined in the respective amended employment agreements) within one year following a change of control of the Company, in addition to the other payments set forth therein, the executive will receive one times his target annual bonus amount for such year (or two times in the case of Dr. Pereira) instead of one time (or two times in the case of Dr. Pereira) the average bonus paid to the executive over the prior three years.

The Compensation Committee and management agreed that the income tax "gross-up" provisions were no longer considered customary among the Company's peer group and that current best practices favored elimination of such provisions. The Compensation Committee also agreed that the proposed amendments to provide for payment of one times each executive's annual target bonus amount (or two times in the case of Dr. Pereira) was reasonable and would serve to align the interests of the executives

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with those of the Company's stockholders. In reaching this conclusion, the Compensation Committee considered the fact that the Board and the Compensation Committee had decided that none of the executives would be receiving a bonus for 2010 performance, which could create a disincentive under the terms of the then existing employment agreements for the executives to pursue a change of control transaction that is otherwise in the best interests of the Company's stockholders. Accordingly, the Compensation Committee unanimously recommended that the Board approve, and the Board did approve, the proposed amendments to the respective employment agreements between the Company and each of our named executive officers.

The foregoing amendments to the respective employment agreements between the Company and each of our named executive officers did not otherwise change the compensation arrangements between the Company and the named executive officers. The terms of the amended employment agreements between the Company and each of our named executive officers are further described below in "*Change of Control and Severance Compensation*." The amended employment agreements, as well as any further change in the base salary, cash bonus potential and equity incentives for each of our named executive officers, were and will be approved by our Board based upon the recommendations made by the Compensation Committee.

REGULATORY REQUIREMENTS

Tax Deductibility of Executive Compensation

Section 162(m) of the Code prohibits us from deducting compensation paid in any year to certain executives in excess of \$1 million but does not subject performance-based compensation to this limit. While our Board intends to design certain components of executive compensation to preserve deductibility under Section 162(m) of the Code, it believes that stockholder interests are best served by not restricting our Board's or the Compensation Committee's discretion and flexibility in crafting compensation programs, even though such programs may result in certain non-deductible compensation expenses. Accordingly, our Board and the Compensation Committee have from time to time approved, and our Board or the Compensation Committee may in the future approve, compensation arrangements for certain officers, including the grant of equity-based awards, that may not be fully deductible for federal corporate income tax purposes.

Other Regulations Affecting Executive Compensation

We generally intend to structure post-termination compensation to our executive officers to minimize the effect of additional taxes imposed by Section 409A of the Code.

Table of Contents**SUMMARY COMPENSATION TABLE FOR FISCAL 2010**

The following table sets forth for the fiscal years ended December 31, 2010, 2009 and 2008 compensation awarded, paid to, or earned by, our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers at December 31, 2010, or our named executive officers:

Name and Principal Position	Year	Salary \$(1)	Bonus (\$)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation \$(4)	Total (\$)
Brian J.G. Pereira, M.D.	2010	614,615		606,246	979,806		7,350	2,208,017
President and Chief Executive Officer	2009	525,777			5,012,820	291,500	7,350	5,837,447
	2008	492,677		1,763,000	2,535,000(5)	202,240	6,750	4,999,667
David A. Arkowitz	2010	392,308		287,175	464,119		7,350	1,150,952
Executive Vice President, Chief Financial Officer and Chief Business Officer	2009	346,538			835,470	182,000	7,350	1,371,358
	2008	324,808		1,247,100	760,500	120,000	6,433	2,458,841
Lee F. Allen, M.D., Ph.D.	2010	346,923		207,417	335,197		7,350	896,887
Executive Vice President and Chief Medical Officer	2009	326,885			556,980	158,400	7,350	1,049,615
	2008	309,923	50,000(6)	831,400	507,000	110,000	6,750	1,815,073
Ricardo Zayas(7)	2010	308,462		127,621	206,275		7,350	649,708
Former Senior Vice President of Operations	2009	161,538	50,000(8)	531,000	1,489,000	120,000	58,559(9)	2,410,097
Gary J. Zieziula(10)	2010	259,135		374,600	1,013,560		27,082(11)	1,674,377
Executive Vice President and Chief Commercial Officer								

- (1) Amounts shown represent base salary amounts earned by our named executive officers in fiscal years 2010, 2009 and 2008. Salary increases generally occur once each year and are not retroactive to the beginning of that year. For this reason, the amount earned by the named executive officer in a given fiscal year may be lower than such officer's base salary rate for the year.
- (2) The amounts shown do not reflect compensation actually received by the named executive officers but represent the aggregate full grant date fair value of stock options or RSUs granted to our named executive officers and calculated in accordance with FASB ASC 718, disregarding adjustments for the forfeiture assumptions. The assumptions used to value the stock option awards for all periods presented above are set forth in Note I to our Annual Report on Form 10-K for the year ended December 31, 2010. The reported value of the RSUs awarded in 2010 was calculated by multiplying the closing market price of a share of our common stock on the grant date by the number of RSUs granted. Further information regarding the 2010 awards is included in the "Grants of Plan-Based Awards in Fiscal 2010" and "Outstanding Equity Awards at December 31, 2010" tables below.
- (3) Amounts shown represent cash bonus awards earned by the named executive officers under our short-term incentive plan for performance during the years ended December 31, 2010, 2009 and 2008, which were paid in the first quarter of the following year.
- (4) Unless otherwise specified, amounts shown represent Company 401(k) contributions for the applicable named executive officer.
- (5) Represents a performance-based option granted in February 2008 to purchase 100,000 shares of our common stock, the vesting of which was contingent upon the achievement of a performance target with respect to our commercial sale of *Feraheme* on or prior to March 31, 2009. The performance target associated with this grant was not achieved by March 31, 2009 and therefore the foregoing option expired on March 31, 2009.
- (6) Represents a one-time \$50,000 sign-on bonus to Dr. Allen paid in 2008 in accordance with the terms of his August 2008 employment agreement.
- (7)

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Mr. Zayas joined us in June 2009. Because Mr. Zayas was not one of our named executive officers prior to 2009, compensation information is not provided for 2008. Mr. Zayas resigned from the Company in February 2011.

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- (8) Represents a one-time \$50,000 sign-on bonus to Mr. Zayas paid in 2009 in accordance with the terms of his June 2009 employment agreement.
- (9) Includes \$51,209 paid to Mr. Zayas for certain expenses related to Mr. Zayas' relocation to Boston from Puerto Rico, travel between Puerto Rico and Boston for Mr. Zayas and his family, and rental accommodations in the Boston area in connection with his joining the Company in May 2009. Included in the \$51,209 is a \$14,048 tax gross-up payment.
- (10) Mr. Zieziula joined us in April 2010. Because Mr. Zieziula was not one of our named executive officers prior to 2010, compensation information is not provided for 2009 or 2008.
- (11) Includes \$20,351 paid to Mr. Zieziula for certain expenses related to Mr. Zieziula's relocation to Boston from Pennsylvania and travel between Pennsylvania and Boston for Mr. Zieziula in connection with his joining the Company in April 2010. Included in the \$20,351 is a \$6,116 tax gross-up payment.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2010

The following table sets forth grants of plan-based awards to each of our named executive officers for the year ended December 31, 2010:

Name	Grant Date	Grant Type	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards:		Grant Date	Fair Value of Stock and Option Awards
			Threshold (\$)	Target (\$)(1)	Maximum (\$)(1)	Threshold (#)	Target (#)(2)	Maximum (#)(2)	Number of Shares or Underlying Options	Exercise Price or Base Price of Option Awards		
Brian J.G. Pereira, M.D.	2/24/2010	Incentive Plan		472,500	708,750							
	2/24/2010	Stock Options					47,500			38.29	979,806	
	2/24/2010	RSUs					15,833				606,246	
David A. Arkowitz	2/24/2010	Incentive Plan		200,000	300,000							
	2/24/2010	Stock Options					22,500			38.29	464,119	
	2/24/2010	RSUs					7,500				287,175	
Lee F. Allen, M.D., Ph.D.	2/24/2010	Incentive Plan		140,000	210,000							
	2/24/2010	Stock Options					16,250			38.29	335,197	
	2/24/2010	RSUs					5,417				207,417	
Ricardo Zayas	2/24/2010	Incentive Plan		124,000	186,000							
	2/24/2010	Stock Options					10,000			38.29	206,275	
	2/24/2010	RSUs					3,333				127,621	
Gary J. Zieziula	4/26/2010	Incentive Plan		192,500	288,750							
	4/26/2010	Stock Options					50,000			37.46	1,013,560	
	4/26/2010	RSUs					10,000				374,600	

(1) The amounts reported in these columns represent the 2010 targeted and maximum cash incentive compensation award potential for each named executive officer. As noted above in "Recent Compensation Decisions With Respect To Our Named Executive Officers," in February 2010 the Board approved, based on the recommendation of the Compensation Committee, the target bonus amounts for the 2010 short-term incentive compensation for

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our named executive officers other than Mr. Zieziula as a percentage of base salary. As also noted above in "*Recent Compensation Decisions With Respect To Our Named Executive Officers*," Mr. Zieziula's target bonus amount was established as a percentage of his base salary in the employment agreement he negotiated at arm's length with the Company in April 2010. Although the Board and the Compensation Committee do not establish maximum bonus amounts, the Board and the Compensation Committee do not typically expect to pay more than 150% of any executive officer's target bonus amount, and have never done so. Accordingly, for purposes of this table, we have assumed that the maximum bonus amount payable to any named executive officer is equal to 150% of his target bonus amount. As discussed in more detail in "*Compensation Discussion and Analysis*," the Board determined that it was not appropriate to pay our named executive officers a cash bonus for 2010 performance.

- (2) Amounts shown represent the number of shares underlying options and RSUs granted under our 2007 Plan to our named executive officers during the year ended December 31, 2010. There are no thresholds or maximums associated with these awards. All options and RSUs granted to our named executive officers in 2010 vest in equal annual installments over a four-year period beginning on the first anniversary of the grant date, and the stock options have a ten-year term. The options and RSUs granted to Mr. Zayas in 2010 were forfeited upon his resignation from the Company in February 2011.
- (3) The exercise price of each option award is equal to the fair market value of a share of our common stock on the date of grant.
- (4) Amounts shown represent the aggregate full grant date fair value calculated in accordance with FASB ASC 718, disregarding adjustments for forfeitures. The assumptions used to value these awards are set forth in Note I to our Annual Report on Form 10-K for the period ended December 31, 2010. The fair value shown above may not be indicative of the value realized on the date the options are exercised or the RSUs vest due to variability in the share price of our common stock.

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OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2010

The following table sets forth certain information regarding outstanding equity awards held by each of our named executive officers at December 31, 2010:

Name	Grant Date	Option Awards(1)				Stock Awards(1)				
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)(1)	Option Expiration Date (1)	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(3)
Brian J.G. Pereira, M.D.	11/16/2005	10,989(4)			9.10	11/16/2015				
	2/7/2006	100,000(5)			19.98	2/7/2016				
	11/7/2006	50,000			41.16	11/7/2016				
	9/25/2007	33,750	11,250		54.97	9/25/2017				
	8/5/2008							50,000(6)	905,000(6)	
	2/25/2009	67,500	202,500		34.26	2/25/2019				
	2/24/2010		47,500		38.29	2/24/2020	15,833	286,577		
David A. Arkowitz	4/5/2007	37,500	12,500		65.22	4/5/2017	750	13,575		
	9/25/2007	6,750	2,250		54.97	9/25/2017				
	2/26/2008	15,000	15,000		47.08	2/26/2018				
	8/5/2008						15,000(7)	271,500(7)		
	2/25/2009	11,250	33,750		34.26	2/25/2019				
	2/24/2010		22,500		38.29	2/24/2020	7,500	135,750		
Lee F. Allen, M.D., Ph.D.	8/6/2007	37,500	12,500		52.17	8/6/2017	1,250	22,625		
	2/26/2008	10,000	10,000		47.08	2/26/2018				
	8/5/2008						10,000(7)	181,000(7)		
	2/25/2009	7,500	22,500		34.26	2/25/2019				
	2/24/2010		16,250		38.29	2/24/2020	5,417	98,048		
Ricardo Zayas(8)	6/8/2009	12,500	37,500		53.10	6/8/2019	7,500	135,750		
	2/24/2010		10,000		38.29	2/24/2020	3,333	60,327		
Gary J. Zieziula	4/26/2010		50,000		37.46	4/26/2020	10,000	181,000		

(1) The exercise price for all stock option awards set forth in this table is the fair market value of a share of our common stock on the date of grant. Unless otherwise specified, all option and RSU awards were granted under our Amended and Restated 2000 Stock Plan or our 2007 Plan and vest in equal annual installments over a four-year period beginning on the first anniversary of the grant date, and all options have a ten-year term.

(2) The grant of an RSU entitles the recipient to receive one share of our common stock for each RSU granted.

(3) The market value of stock and equity incentive plan awards of stock is calculated by multiplying the closing price of a share of our common stock of \$18.10 as reported on the NASDAQ on December 31, 2010, the last trading day of 2010, by the number of shares or units of stock or the amount of equity incentive plan awards.

(4)

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Under the terms of Dr. Pereira's November 2005 employment agreement, Dr. Pereira was granted an option to purchase 250,000 shares of our common stock. The option was immediately exercisable with respect to 100,000 shares on the date of grant and vested with respect to an additional 50,000 shares on each of the first, second and third anniversaries of the grant date.

(5) On February 7, 2006, Dr. Pereira was granted an option to purchase 100,000 shares of our common stock. This option vested in equal annual installments over three years beginning on the first anniversary of Dr. Pereira's November 16, 2005 start date.

(6) On August 5, 2008, Dr. Pereira was granted 50,000 RSUs. These RSUs will commence vesting as of the first date that the closing price of the Company's common stock is at least \$65.00 per share as follows: 50% will vest upon the first anniversary of such stock price target achievement, and the remaining 50% will vest on the second anniversary of such stock price target achievement; provided, that if the price target is not achieved on or prior to August 5, 2012, then such grant shall automatically terminate.

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- (7) On August 5, 2008, all of our then serving executive officers, other than Dr. Pereira, were granted RSUs which vest as follows: 50% on the second anniversary of the grant date; an additional 25% on the third anniversary of the grant date; and an additional 25% on the fourth anniversary of the grant date.
- (8) Mr. Zayas resigned from the Company in February 2011, at which time the unvested portions of the options and RSUs granted to Mr. Zayas were forfeited.

OPTION EXERCISES AND STOCK VESTED IN FISCAL 2010

The following table sets forth certain information regarding option exercises and stock vested during the year ended December 31, 2010 with respect to each of our named executive officers:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Brian J.G. Pereira, M.D.			5,000	170,900(3)
David A. Arkowitz			15,750	496,335(3)
Lee F. Allen, M.D., Ph.D.			11,250	352,725
Ricardo Zayas			2,500	81,225
Gary J. Zieziula				

- (1) Unless otherwise specified, value is calculated by determining the difference between the market price of the underlying stock on the exercise date and the exercise price of the options.
- (2) Unless otherwise specified, value is calculated by multiplying the number of underlying shares by the closing price of a share of our common stock on the vesting date.
- (3) Because the vesting date of 5,000 of Dr. Pereira's RSUs and 750 of Mr. Arkowitz' RSUs occurred during a trading black-out period, the delivery of the shares underlying these respective RSUs was deferred until after the expiration of such black-out period. Therefore, the realized value of these respective RSUs was determined as of April 29, 2010, the date the shares were delivered to Dr. Pereira and Mr. Arkowitz, at a price of \$34.18.

CHANGE OF CONTROL AND SEVERANCE COMPENSATION

Our change of control and severance compensation arrangements are designed to meet the following objectives:

Change of control

Our philosophy is that appropriate provision should be made for our executive officers both upon the occurrence of a change of control of the Company and in the event their employment is terminated within one year following such a change of control. We believe that providing severance compensation if an executive officer is terminated as a result of a change of control promotes the ability of our executives to act in the best interests of our stockholders even where a transformative transaction may result in termination of the executive's employment. We also believe that these mutually-agreed to severance arrangements are appropriate because they are necessary to recruit, retain and motivate key executive talent.

Termination Without Cause

Our philosophy is that appropriate provision should be made for our executive officers in the event of a termination of their employment with us without cause or if they resign for good reason. We believe that providing such severance compensation encourages our executives to exercise independent business judgment in what they believe to be in the best interests of the Company and those of our

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stockholders without concern of being terminated without appropriate compensation. We also believe that these mutually-agreed to severance arrangements are appropriate because they are necessary to recruit, retain and motivate key executive talent.

We have entered into employment agreements with each of our named executive officers, including our Chief Executive Officer, which provide for the severance and change of control compensation arrangements described below.

Chief Executive Officer

On December 15, 2009, we entered into a second amended and restated employment agreement with Dr. Pereira, which was subsequently amended on February 1, 2011 as described above under the heading "*Amendment of Employment Agreements With Named Executive Officers.*" Our employment agreement with Dr. Pereira provides that in the event that we terminate the employment of Dr. Pereira, other than for death, disability or cause, or Dr. Pereira resigns for good reason, and he has complied with all his obligations under all agreements with us and signs a general release of claims in a form acceptable to us, then we are obligated to pay severance to Dr. Pereira in an amount equal to 24 months of his then current base salary, paid in equal installments over the severance period in accordance with our usual payroll schedule. This provision does not apply during the one-year period following a change of control.

Our employment agreement with Dr. Pereira, as amended, also provides that upon a change of control of the Company, unless a specific equity award agreement provides for alternative acceleration provisions, 50% of the unvested portion of any options to purchase common stock, RSUs and other equity incentives then held by Dr. Pereira will become immediately vested. The remaining unvested portions of such grants shall continue to vest after the closing of a change of control on the same vesting schedule, but at 50% of the number of shares that were to vest on each vesting date prior to the change of control. However, in the event that upon a change of control, the Company or the successor to or acquirer of the Company's business elects not to assume all the then unvested outstanding stock options, RSUs and other equity incentives that were granted to Dr. Pereira prior to the change of control, such securities will become vested in full as of the date of the change of control.

Further, in the event that within one year from the date a change of control of the Company occurs, we or our successor terminates the employment of Dr. Pereira other than for death, disability or cause, or Dr. Pereira resigns for good reason, and he has complied with all his obligations under all agreements with us and signs a general release of claims in a form acceptable to us or our successor, then we or our successor are obligated to provide Dr. Pereira with the following benefits post-termination:

24 months of base salary, paid in equal installments over the severance period in accordance with our usual payroll schedule;

a lump sum equal to two times Dr. Pereira's target annual bonus amount for the year in which the change of control occurs;

payment or reimbursement of the premiums for continued health and dental benefits until the earlier of (i) 24 months post termination and (ii) health and dental coverage being provided to Dr. Pereira under another employer's health and dental plan; and

the full acceleration of vesting of any then unvested outstanding stock options, RSUs and other equity incentives that were granted before such change of control.

In addition, our employment agreement with Dr. Pereira contains a provision which allows any payments otherwise due to Dr. Pereira in connection with a change of control to be reduced to the extent necessary so that no excise taxes would be due on any such payments, but only if such reduction

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would result in Dr. Pereira retaining a larger portion of such payments on an after-tax basis than if no reduction was made and the excise taxes had been paid.

Our employment agreement with Dr. Pereira does not change any acceleration provisions related to equity awards granted to Dr. Pereira which provide for conflicting change of control provisions, which equity awards will continue to vest in full immediately upon a change of control.

Our employment agreement with Dr. Pereira also provides that, in the event of his death or permanent disability, all unvested equity awards then held by him shall become immediately vested in full.

Other Named Executive Officers

In December 2009, we entered into amended and restated employment agreements with each of our then serving named executive officers, other than Dr. Pereira, each of which were subsequently amended on February 1, 2011 as described above under the heading "*Amendment of Employment Agreements With Named Executive Officers*." In April 2010, we also entered into an employment agreement with Mr. Zieziula in connection with his joining the Company, which was also amended on February 1, 2011 and which contains the same severance and change of control provisions as the other named executive officers. Our employment agreements with each of our named executive officers provide for the executive to receive a base salary, subject to adjustment at the discretion of the Board or the Compensation Committee.

Our employment agreements with each of our named executive officers, other than Dr. Pereira, also provide that in the event that we terminate the named executive officer's employment, other than for death, disability or cause, or he resigns for good reason, and he has complied with all his obligations under all agreements with us and signs a general release of claims in a form acceptable to us, then we are obligated to pay severance to the executive in an amount equal to 12 months of his then current base salary, paid in equal installments over the severance period in accordance with our usual payroll schedule. This provision does not apply during the one-year period following a change of control.

Further, our employment agreements with each of our named executive officers, other than Dr. Pereira, provide that upon a change of control of the Company, 50% of the unvested portion of any options to purchase common stock, RSUs and other equity incentives then held by the executive will become immediately vested. The remaining unvested portions of such grants shall continue to vest after the closing of a change of control on the same vesting schedule, but at 50% of the number of shares that were to vest on each vesting date prior to the change of control. However, in the event that upon a change of control, the Company or the successor to or acquirer of the Company's business elects not to assume all the then unvested outstanding stock options, RSUs and other equity incentives that were granted to the executive officer prior to the change of control, such securities will become vested in full as of the date of the change of control.

In addition, in the event that within one year from the date a change of control of the Company occurs, we or our successor terminates the employment of the named executive officer other than for death, disability or cause, or he resigns for good reason, and he has complied with all his obligations under all agreements with us and signs a general release of claims in a form acceptable to us or our successor, then we or our successor, are obligated to provide the executive with the following benefits post-termination:

12 months of base salary, paid in equal installments over the severance period in accordance with our usual payroll schedule;

a lump sum equal to one times the executive's target annual bonus amount for the year in which the change of control occurs;

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payment or reimbursement of the premiums for continued health and dental benefits until the earlier of (i) 24 months post termination and (ii) health and dental coverage being provided to the executive under another employer's health and dental plan; and

the full acceleration of vesting of any then unvested outstanding stock options, RSUs and other equity incentives that were granted before such change of control.

In addition, our employment agreements with each of our named executive officers contain a provision which allows any payments otherwise due to the executive in connection with a change of control to be reduced to the extent necessary so that no excise taxes would be due on any such payments, but only if such reduction would result in the executive retaining a larger portion of such payments on an after-tax basis than if no reduction was made and the excise taxes had been paid.

Our employment agreements with each of our named executive officers also provide that, in the event of the death or permanent disability of the executive, all unvested equity awards then held by him shall become immediately vested in full.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The table below sets forth the estimated amount of payments and other benefits each named executive officer would be entitled to receive upon the occurrence of the indicated event, assuming that the event occurred on December 31, 2010. The information is provided relative to the named executive officer's termination or change of control arrangements as of December 31, 2010; provided, that for purposes of the table below, we have assumed that the February 1, 2011 amendments to the employment agreements with each of our named executive officers, which (a) eliminated the Company's obligation to make certain income tax "gross-up" payments to our executives under certain circumstances following a change of control and (b) revised the calculation of the bonus payment to each of our named executive officers upon a change of control from one times the average bonus payment to each executive over the preceding three years (two times in the case of Dr. Pereira) to one times the target bonus payable to the executive for the year during which the change of control occurs (two times in the case of Dr. Pereira), were in effect as of December 31, 2010. The values relating to vesting of stock options and RSU awards are based upon a per share fair market value of our common stock of \$18.10, the closing price of a share of our common stock as reported on the NASDAQ on December 31, 2010, the last trading day of 2010. Actual payments made at any future date will fluctuate based on various factors including, salary and bonus levels, the vesting schedules of the various equity-based awards, and the price of our common stock at the time of termination or change of control. For purposes of the payments associated with a change of control set forth in the following table, we have assumed that the respective named executive officer was terminated on December 31, 2010.

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Name	Salary and Other Cash Payments (\$)	Vesting of Stock Options (\$)(1)	Vesting of RSUs (\$)(2)	Health and Dental Benefits (\$)(3)	Total (\$)
Brian J.G. Pereira, M.D.					
Termination without cause or resignation for good reason other than in the context of a change of control	1,260,000(4)				1,260,000
Change of Control	2,205,000(4)		286,577(5)	2,176	2,493,753
David A. Arkowitz					
Termination without cause or resignation for good reason other than in the context of a change of control	400,000(6)				400,000
Change of Control	600,000(6)		420,825(7)	43,387	1,064,211
Lee F. Allen, M.D., PhD.					
Termination without cause or resignation for good reason other than in the context of a change of control	350,000(6)				350,000
Change of Control	490,000(6)		301,673(7)	43,387	835,060
Ricardo Zayas					
Termination without cause or resignation for good reason other than in the context of a change of control	310,000(6)				310,000
Change of Control	434,000(6)		196,077(7)	43,387	673,464
Gary J. Zieziula					
Termination without cause or resignation for good reason other than in the context of a change of control	385,000(6)				385,000
Change of Control	577,500(6)		181,000(7)	27,975	786,475

- (1) All unvested stock option awards are assumed to have accelerated as of December 31, 2010, the last trading day of 2010. The amount shown in this column represents the difference between the exercise price and the fair market value of the accelerated options assuming an \$18.10 fair market value of a share of our common stock based on the reported closing price on the NASDAQ on December 31, 2010. Any option with an exercise price of greater than \$18.10 was assumed to be cancelled for no consideration and, therefore, had no intrinsic value.
- (2) All unvested RSU awards are assumed to have accelerated as of December 31, 2010, the last trading day of 2010. The amount shown in this column was calculated by multiplying the executive's number of unvested shares at December 31, 2010 by the fair market value of a single share of our common stock on December 31, 2010, which was \$18.10.
- (3) Under the terms of our employment agreements with each of our named executive officers, as amended in February 2011, if, within one year from the date a change of control of the Company occurs, we or our successor terminates the employment of the named executive officer other than for death, disability or cause, or he resigns for good reason, he is entitled to continued health and dental coverage for the earlier of (i) twenty-four months from the date of termination and (ii) the date he is provided with health and dental coverage by another employer's health and dental plan. For purposes of this table we have assumed twenty-four months of coverage under each named executive officer's current health and dental benefits. As of December 31, 2010, Dr. Pereira was not receiving health benefits under the Company's group health care plan.

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- (4) Under the terms of our employment agreement with Dr. Pereira, as amended in February 2011, Dr. Pereira is entitled to twenty-four months of severance pay based on his then current salary if he is terminated without cause or resigns for good reason. In addition, if Dr. Pereira is terminated without cause or resigns for good reason within one year following a change of control, he will receive twenty-four months of severance pay based on his then current salary as well as two times the target annual bonus payable to him for the year in which the change of control occurs.
- (5) Under the terms of a market condition based RSU awarded to Dr. Pereira in August 2008 covering 50,000 shares of our common stock, any unvested shares of common stock issuable thereunder will become immediately vested in full upon a change of control; provided, that the consideration payable to the holders of our common stock in connection with such change of control is at least \$65.00. For purposes of this table, we have assumed that the August 2008 RSUs did not vest upon a change of control.
- (6) Under the terms of our employment agreements with each of our named executive officers, other than Dr. Pereira, as amended in February 2011, these executives are entitled to twelve months of severance pay based on their then current salary if they are terminated without cause or resign for good reason. In addition, if these named executive officers are terminated without cause or resign for good reason within one year following a change of control, they will receive twelve months of severance pay based on their then current salary as well as one times the target annual bonus payable to them for the year in which the change of control occurs.
- (7) Under the terms of our employment agreements with each of our named executive officers, other than Dr. Pereira, as amended in February 2011, 50% of any unvested options to purchase common stock, RSUs and other equity incentives then held by these executives will become immediately vested upon a change of control, and the remaining unvested amount will become immediately exercisable if the executive is terminated without cause or resigns for good reason within one year following a change of control. For purposes of this table, we have assumed full acceleration of all outstanding options and RSUs.

401(k) PLAN

We provide a 401(k) Plan to our employees under which they may defer compensation for income tax purposes under Section 401(k) of the Code. Under our current 401(k) Plan, the Company provides a fully vested contribution equal to 3% of each employee's, including each named executive officer's, base salary and bonus payments for each plan year. All contributions to the 401(k) plan by or on behalf of employees, including the Company's 3% contribution, are subject to the aggregate annual limits prescribed by the Code.

Table of Contents**PROPOSAL 4: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has appointed the firm of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as the Company's independent registered public accounting firm for the year ending December 31, 2011, and the Board has ratified such appointment. The Board has directed that management submit the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for ratification by our stockholders at the Annual Meeting.

PricewaterhouseCoopers LLP or its predecessor has served as our independent registered public accounting firm since our inception in 1981. Representatives of PricewaterhouseCoopers LLP are expected to be at the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm is not required by our by-laws or otherwise. However, the Board is submitting this appointment to the stockholders for ratification as a matter of good corporate practice. In the event our stockholders fail to ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee will not be required to replace PricewaterhouseCoopers LLP as our independent registered public accounting firm. In the event of such a failure to ratify, the Audit Committee and the Board will reconsider whether or not to retain that firm for future service. 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 if the Audit Committee determines that such a change would be in our and our stockholders' best interests.

Principal Accountant Fees and Services

The following table summarizes the fees billed for professional services by PricewaterhouseCoopers LLP for the years ended December 31, 2010 and 2009:

Fee Category	Year Ended	
	December 31, 2010	December 31, 2009
Audit Fees(1)	\$ 699,761	\$ 583,250
Audit-Related Fees(2)	30,000	
Tax Fees(3)	5,000	
All Other Fees(4)	1,800	1,500
Total	\$ 736,561	\$ 584,750

- (1) Audit fees consisted of fees for the audit of our financial statements, the review of our interim financial statements included in our quarterly reports on Form 10-Q, services in connection with our January 2010 public offering, services in connection with benefit plan registration statements and other professional services provided in connection with regulatory filings or engagements.
- (2) Audit-related fees consisted of fees for services related to accounting consultations and advice. All audit-related fees were pre-approved by the Audit Committee.
- (3) Tax fees consisted of fees for tax compliance and consultations. All tax fees were pre-approved by the Audit Committee.
- (4) All other fees represent payment for access to the PricewaterhouseCoopers LLP on-line accounting research database. All other fees were pre-approved by the Audit Committee.

All services expected to be rendered by PricewaterhouseCoopers LLP in 2011 are permissible under applicable laws and regulations, and were pre-approved by the Audit Committee. The Audit

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Committee has also approved certain non-audit services expected to be performed by PricewaterhouseCoopers LLP in 2011.

In connection with the audit of our 2010 financial statements, we entered into an engagement agreement with PricewaterhouseCoopers LLP which sets forth the terms by which PricewaterhouseCoopers LLP would perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

Pre-Approval Policies and Procedures

Consistent with policies of the SEC regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of our independent registered public accounting firm.

The Audit Committee has approved the engagement of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm and has approved the provision of certain specific non-audit services expected to be performed by PricewaterhouseCoopers LLP in 2011. In addition, circumstances may arise during the year necessitating the engagement of PricewaterhouseCoopers LLP or another independent registered public accounting firm for additional audit or permissible non-audit services. In those instances, under our current pre-approval policy, each member of the Audit Committee has the authority to approve any additional audit services and permissible non-audit services provided that such member promptly informs the Audit Committee of such approval.

Vote Required

The affirmative vote of the stockholders holding a majority of shares of common stock present or represented and voting at the Annual Meeting is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

By Order of the Board of Directors,

Joseph L. Farmer
Secretary

The Board welcomes stockholders who wish to attend the Annual Meeting. Whether or not you plan to attend, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope. A prompt response will greatly facilitate arrangements for the Annual Meeting, and your cooperation will be appreciated. Stockholders who attend the Annual Meeting may vote their stock personally even though they have sent in their proxies.

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 is available without charge upon written request to our principal executive offices at 100 Hayden Avenue, Lexington, Massachusetts 02421, attention: Investor Relations.

ANNUAL MEETING OF STOCKHOLDERS OF

AMAG PHARMACEUTICALS, INC.

May 24, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING
TO BE HELD ON**

MAY 24, 2011.

This Proxy Statement, the Proxy Card, and the Company's Annual Report are all available free of charge at www.amagpharma.com.

**Please sign, date, and mail
your proxy card in the
envelope provided as soon
as possible.**

Please detach along perforated line and mail in the envelope provided.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES WITH RESPECT TO THE ELECTION OF DIRECTORS, A VOTE FOR PROPOSAL 2, A VOTE OF 3 YEARS WITH RESPECT TO PROPOSAL 3, AND A VOTE FOR PROPOSAL 4.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. To elect the seven nominees listed below to the Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors have been elected and qualified.

NOMINEES:

FOR ALL NOMINEES

- JOSEPH V. BONVENTRE, M.D., Ph.D
- MICHAEL NARACHI
- BRIAN J.G. PEREIRA, M.D.
- ROBERT J. PEREZ
- LESLEY RUSSELL, MB.Ch.B., MRCP
- DAVEY S. SCOON
- RON ZWANZIGER

WITHHOLD AUTHORITY FOR ALL NOMINEES

FOR ALL EXCEPT
(See instructions below)

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: •

2. To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in the proxy statement.	FOR <input type="radio"/>	AGAINST <input type="radio"/>	ABSTAIN <input type="radio"/>
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3. To indicate, on an advisory basis, the preferred frequency of future stockholder advisory votes on the compensation of our named executive officers.	1 YEAR <input type="radio"/>	3 YEARS <input type="radio"/>
	2 YEARS <input type="radio"/>	ABSTAIN <input type="radio"/>

4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011.	FOR <input type="radio"/>	AGAINST <input type="radio"/>	ABSTAIN <input type="radio"/>
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5. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Mark box at right if you plan to attend the Annual Meeting.

o

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.



AMAG PHARMACEUTICALS, INC.

PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 24, 2011

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, revoking all prior proxies, hereby appoint(s) Brian J.G. Pereira, M.D. and Joseph L. Farmer, and each of them, with full power of substitution, as proxies to represent and vote as designated herein, all shares of stock of AMAG Pharmaceuticals, Inc., or the Company, which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Company to be held at The Westin Waltham Boston, 70 Third Avenue, Waltham, Massachusetts 02451, on Tuesday, May 24, 2011 at 9:00 a.m., local time, and at any adjournments or postponements thereof.

IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS PROPERLY MAY COME BEFORE THE MEETING OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder(s). **IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED (1) FOR THE APPROVAL OF THE ELECTION OF DIRECTORS, (2) FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, (3) FOR THREE YEARS AS THE PREFERRED FREQUENCY OF FUTURE STOCKHOLDER ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS MORE SPECIFICALLY DESCRIBED IN THE PROXY STATEMENT AND (4) FOR THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP, AND AUTHORITY WILL BE DEEMED GRANTED UNDER PROPOSAL 5.**

(Continued and to be signed on the reverse side)
