ANTARES PHARMA INC
Form DEF 14A
March 18, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]

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)).

[X] Definitive proxy statement.

[ ] Definitive additional materials.

[ ] Soliciting material pursuant to § 240.14a-11(c) of § 240.14a-12.

Antares Pharma, Inc.

(Name of Registrant as Specified in its Charter)

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

Payment of filing fee (check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

---

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

---

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

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] 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:

ANTARES PHARMA, INC.
707 Eagleview Boulevard, Suite 414
Exton, Pennsylvania 19341
ph. (610) 458-6200

March 24, 2005

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Antares Pharma, Inc., to be held at 10:00 a.m., local time, on Thursday, April 28, 2005, at the Board Room of The American Stock Exchange, located at 86 Trinity Place, New York, New York 10006.

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

I hope you will join us at the Annual Meeting of Shareholders, but I know that every shareholder may not be able to do so. **Whether or not you plan to attend, please complete and return your signed proxy card as soon as possible. If you attend the meeting, you may withdraw any proxy previously given and vote your shares in person at the meeting.**

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

Sincerely,

/s/ Jack E. Stover
Jack E. Stover
Chief Executive Officer

ANTARES PHARMA, INC.
707 Eagleview Boulevard, Suite 414
Exton, Pennsylvania 19341
ph. (610) 458-6200

NOTICE IS HEREBY GIVEN of the Annual Meeting of Shareholders of Antares Pharma, Inc., a Minnesota corporation.

Date & Time: Thursday, April 28, 2005, at 10:00 a.m. local time

Place: American Stock Exchange

Board Room
86 Trinity Place
New York, New York 10006

Items of Business: 1. To elect one person to our Board of Directors.

2. To change our state of incorporation from the State of Minnesota to the State of Delaware.

3. To ratify and approve the appointment of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2005.

4. To transact other business that may properly come before the meeting.

Record Date:

All shareholders of record as of the close of business on Thursday, March 17, 2005, will be entitled to vote at the Annual Meeting of Shareholders.

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

By order of the Board of Directors,

/s/ Lawrence M. Christian
Lawrence M. Christian
Secretary

March 24, 2005

1

PROXY STATEMENT OF
ANTARES PHARMA, INC.
707 Eagleview Boulevard, Suite 414
Exton, Pennsylvania 19341
ph. (610) 458-6200

Annual Meeting of Shareholders to be held
April 28, 2005

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Antares Pharma, Inc., to be used at our Annual Meeting of Shareholders to be held on Thursday, April 28, 2005. This proxy statement is first being sent to shareholders on or about March 24, 2005. **The Board of Directors recommends that shareholders vote in favor of Items 1, 2, and 3.** Each shareholder who signs and returns a proxy card in the form enclosed with this proxy statement may revoke the same at any time prior to use by giving notice of such revocation to us in writing prior to the meeting or in person at the Annual Meeting of Shareholders. Unless so revoked, the shares represented by such proxy will be voted at the Annual Meeting of Shareholders and at any adjournment thereof in the manner specified. Presence at the meeting of a shareholder who has signed a proxy does not alone revoke the proxy. If no direction is made, the proxy will be voted in favor of Items 1, 2, and 3, each of which are discussed below. Only shareholders of record at the close of business on Thursday, March 17, 2005, will be entitled to vote at the Annual Meeting of Shareholders or any adjournment thereof. As of March 1, 2005, there were 40,493,606 shares of our common stock issued and outstanding.

Each item of business to be presented at the Annual Meeting of Shareholders must be approved by the affirmative vote of the holders of a majority of the shares present, in person or by proxy, and entitled to vote on that item of business. Votes cast by proxy or in person at the Annual Meeting of Shareholders will be tabulated by the election inspector appointed for the meeting, and such inspector will determine whether a quorum is present. The election inspector will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum and in tabulating votes cast on proposals presented to shareholders for a vote, but as unvoted for purposes of determining the approval of the matter from which the shareholder abstains. Consequently, an abstention will have the same effect as a negative vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to such matter.

ELECTION OF DIRECTORS
(Item 1 on proxy card)

Our Amended and Restated Bylaws provide that the number of directors that constitute our Board of Directors shall be fixed from time to time by the Board of Directors and that directors shall be divided into three classes of as nearly equal size as possible. Our Board of Directors has set the number of directors at seven. The members of each class are elected to serve a three-year term, and the terms of each class are staggered. The terms of James L. Clark and Dr. Paul K. Wotton will expire at the 2005 Annual Meeting of Shareholders, and Mr. Clark has elected not to stand for reelection; the terms of Jack E. Stover and Anton Gueth will expire at our 2006 Annual Meeting of Shareholders; and the terms of Dr. Jacques Gonella, Thomas J. Garrity and Dr. Rajesh C. Shrotriya will expire at the 2007 Annual Meeting of Shareholders. Our Board of Directors nominates the person named below for election as director. **Our Board of Directors recommends a vote <u>FOR</u> the election of the nominee.**

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

The affirmative vote of the holders of a majority of the voting power of the outstanding shares of our common stock entitled to vote on the election of directors and present, in person or by proxy, at the Annual Meeting of Shareholders is required to elect the nominee named below.

Nominee to be elected at the 2005 Annual Meeting of Shareholders and to serve until the 2008 Annual Meeting of Shareholders

Dr. Paul K. Wotton Age 44

Dr. Wotton was appointed to the Board of Directors of Antares Pharma in August 2004 to fill a vacant position. Dr. Wotton is President and CEO of Topigen Pharmaceuticals, Inc., a biotechnology company based in Montreal that is focused on developing novel therapeutics for the treatment of respiratory diseases. Dr. Wotton possesses over eighteen years of experience in the pharmaceutical industry. Prior to joining Topigen, he was Head of Global Business Development at SkyePharma. Dr. Wotton also previously served as Vice President of Corporate Development for Eurand and Vice President of Business Development for Penwest Pharmaceuticals Co. He earned a Bachelor in Pharmacy degree from the University of London, an MBA from Kingston Business School and a Ph.D. in pharmaceutical science from the University of Nottingham. Dr. Wotton is a member of the Royal Pharmaceutical Society and the Licensing Executives Society.

Because Mr. James Clark has decided not to stand for reelection, there is no nominee for the second seat. Our Board of Directors is currently evaluating candidates and expects to appoint someone to fill the seat later this year. Proxies can only be voted for or withheld for the named nominee and cannot be voted in connection with the vacant seat.

Directors Whose Terms Continue Until the 2006 Annual Meeting of Shareholders

Jack E. Stover Age 51

Mr. Stover joined Antares Pharma as President and Chief Operating Officer in July 2004 and was appointed Chief Executive Officer and a member of our Board of Directors in September 2004. Prior to joining Antares Pharma, Mr. Stover was Executive Vice President and CFO of Sicor, Inc., a public injectable pharmaceutical company which was acquired by Teva Pharmaceuticals. Prior to Sicor, Mr. Stover was Executive Vice President for a proprietary women s drug company, Gynetics, Inc., and before Gynetics, he was Senior Vice President for B. Braun Medical, Inc., a private global medical device and product company. For more than five years, Mr. Stover was a partner with PricewaterhouseCoopers, working in their Lifescience industry division and is a C.P.A.

Anton Gueth Age 48

Mr. Gueth joined our Board of Directors in October 2003 and is a member of our Compensation Committee. His career includes nearly 19 years with Eli Lilly and Company, most recently as Director of Alliance Management. He also served as General Manager of Lilly s African and Middle Eastern operations; Vice President of Financial Planning and Treasury of PCS Health Systems; Managing Director of Lilly s Saudi Arabia, Gulf and Yemen operations, as well as other sales, marketing and financial positions. Mr. Gueth earned a Masters Degree in agricultural economics from the Justus Liebig University in Giessen, Germany, as well as a Masters Degree in public affairs from Indiana University. Mr. Gueth is currently President of Gueth Consulting, which focuses on business development and alliance management in the pharmaceutical industry.

Dr. Jacques Gonella Age 63

Dr. Gonella has served as the Chairman of our Board of Directors since January 2001. He is currently President and sole shareholder of JG Consulting AG. Dr. Gonella was the founder of Permatec (a Swiss company that was merged with Medi-Ject, Inc., to form Antares Pharma, Inc.) and served as the Chairman of the Board of Directors of Permatec since its founding in June 1997. Prior to founding Permatec, Dr. Gonella founded JAGO Pharma AG in 1983 and served as its President and Chief Executive Officer until its acquisition in May 1996 by SkyePharma, PLC, a United Kingdom company listed on the London Stock Exchange. Prior to the founding

of JAGO, Dr. Gonella occupied various positions with F. Hoffman-La Roche Ltd. and Pfizer Inc. between 1968 and 1979. Dr. Gonella currently also sits on the boards of directors of several private pharmaceutical companies and pharmaceutical investment funds. He holds a doctorate in analytical chemistry from the Polytechnic Institute of Lausanne, Switzerland.

Thomas J. Garrity Age 56

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

Dr. Rajesh C. Shrotriya Age 60

Dr. Shrotriya joined our Board of Directors on April 13, 2004. Dr. Shrotriya is the Chairman, Chief Executive Officer and President of Spectrum Pharmaceuticals, Inc., a specialty pharmaceutical company focused on the in-licensing, clinical development and commercialization of oncology and generic drugs. In September 2000, Dr. Shrotriya joined NeoTherapeutics, Inc., as President and Chief Operating Officer, and in August 2002, he was appointed Chief Executive Officer. In this capacity, he spearheaded major changes in business strategy and coordinated the structural reorganization of NeoTherapeutics, culminating in the formation of Spectrum Pharmaceuticals, Inc. Prior to that, Dr. Shrotriya was Executive Vice President and Chief Scientific Officer for SuperGen, Inc., and Vice President, Medical Affairs and Vice President, Chief Medical Officer of MGI Pharma, Inc. For 18 years he held various positions at Bristol-Myers Squibb Company, the most recent being Executive Director Worldwide CNS Clinical Research. Dr. Shrotriya has also held various positions at Hoechst Pharmaceuticals and was an attending physician and held a courtesy appointment at St. Joseph Hospital in Stamford, Connecticut. Dr. Shrotriya received a Bachelor of Medicine and Bachelor of Surgery degree at the Armed Forces Medical College in Poona, India; a post-graduate diploma in Chest Diseases from Delhi University; and a post-graduate M.D. degree from the Grant Medical College in Bombay, India. He also received a certificate for Advanced Biomedical Research Management from Harvard University.

Meetings and Committees of our Board

Our Board of Directors met 10 times during 2004 and acted by written action one time during the same period. Our Board of Directors has an Audit Committee and a Compensation Committee. During 2004, each of the directors attended at least 75% of the aggregate number of meetings of the Board of Directors and of the Committees on which he served, with the exception of Dr. Dro, who attended 71% of the meetings. Dr. Dro and Dr. Harrison each resigned from the Board in 2004. Dr. Harrison attended at least 75% of the meetings prior to his resignation while Dr. Dro did not attend 75% of the meetings prior to his resignation. Our Directors are invited, but are not required, to attend our Annual Meetings of Shareholders. Last year all of our directors attended the Annual Meeting of Shareholders except Dr. Dro.

The Audit Committee consisting of James L. Clark, Thomas J. Garrity and Anton Gueth, with Mr. Garrity, acting as Chairman met eight times during 2004. The Audit Committee reviews the results and scope of the audit and other services provided by our independent registered public accounting firm, as well as our accounting principles and systems of internal controls, and reports the results of its review to or holds concurrent meetings with the full Board of Directors. Because Mr. James Clark has decided not to stand for reelection, our Board of Directors expects to appoint a new member to the Audit Committee later this year to fill his position. Our Board of Directors has determined that Mr. Garrity meets the requirements of a financial expert, as that term is defined in Item 401 of Regulation S-K under the Securities Act of 1933, as amended. Additionally, our Board has determined that Mr. Garrity is independent, as defined in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and that each of the members of our Audit Committee is independent within the meaning of Section 121(A) of the American Stock Exchange listing standards.

The Compensation Committee, consisting of James L. Clark, Thomas J. Garrity and Anton Gueth, with Mr. Clark acting as Chairman, met five times during 2004. The Compensation Committee makes recommendations concerning executive salaries and incentive compensation for employees and administers the 1993 Stock Option Plan. Because Mr. James Clark has decided not to stand for reelection, our Board of Directors expects to appoint a new member to the Compensation Committee later this year to fill his position. Our Board of Directors as a whole administers our 1996 Incentive and Stock Option Plan, our 2001 Incentive Stock Option Plan for Employees, our 1998 Stock Option Plan for Non-Employee Directors and our 2001 Stock Option Plan for Non-Employee Directors and Consultants.

Our Board does not have a standing nominating committee, although at our next regularly scheduled Board meeting we intend to either adopt a resolution of our Board of Directors which will require that all nominees to our Board be selected or recommended for the Board s selection by a majority of the independent members of our Board of Directors or form a nominating committee of our Board comprised solely of independent directors. Our Board has not adopted minimum qualifications for director candidates. Instead, in evaluating potential director candidates, our Board takes into account a wide variety of factors, including each candidate s suitability, professional qualifications and expertise in relation to the composition and performance of the Board as a whole. We do not have any arrangements with third parties to identify potential director candidates.

Communicating with Our Board of Directors

You may communicate in writing with any or all of our Directors via U.S. mail addressed to Antares Pharma, Inc., c/o Corporate Secretary, 707 Eagleview Boulevard, Suite 414, Exton, Pennsylvania 19341. Our Secretary will review and summarize all communications received for the purpose of expediting director review of matters communicated and will forward correspondence directly to the directors as appropriate.

Compensation of Directors

Effective July 2004, the Directors Compensation Plan was modified to issue to all non-employee directors an initial grant of 20,000 shares of the Company s common stock on the day they are elected and/or appointed to the Board of Directors, an annual grant of an option to purchase 20,000 shares of common stock, an annual retainer of $15,000 for all members, an additional annual retainer for Committee Chairs of $5,000, and an additional annual retainer of $25,000 for the Board Chairman. The non-employee directors also receive payments of $400 to $1,200 for each meeting, depending on the type of meeting held and whether in person or telephonic. All directors are reimbursed for expenses actually incurred in attending meetings of the Board of Directors and its committees.

Under the Directors Compensation Plan, in effect from September 2003 until July 2004, non-employee directors received an annual option grant to purchase 15,000 shares of common stock and additional annual option grants to purchase 5,000, 2,000 and 1,000 shares of common stock for the Board Chairman, Audit Committee Chairman and other committee members, respectively. The directors also received option grants for the purchase of 500, 1,000 or 2,000 shares of common stock for each meeting attended, depending on the type of meeting held. Under this plan, new non-employee directors received an initial grant of 15,000 shares of the Company s common stock on the day they were elected and/or appointed to the Board of Directors.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee had, during the 2004 fiscal year, any relationship or transaction with us that is required to be reported under Item 402(j) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

REPORT ON EXECUTIVE COMPENSATION

Overview

The Compensation Committee is responsible for establishing compensation policies for all of our executive officers, including the four most highly compensated executive officers named in the accompanying tables (the Named Executives Officers). The members of the Compensation Committee during 2004 were James L. Clark, Thomas J. Garrity and Anton Gueth.

The objectives of our executive compensation program include the following:

1. to attract and retain superior talent and reward individual performance;

2. to support the achievement of our financial and strategic goals; and

3. through stock based compensation, to align the executive officers interests with those of our shareholders.

The following report addresses our executive compensation policies and discusses factors considered by the Compensation Committee in determining the compensation of our Chief Executive Officer and President and other executive officers for the year ended December 31, 2004.

Compensation Policies for Executive Officers

The Compensation Committee s executive compensation policies are designed to provide competitive levels of compensation that integrate pay with our annual and long-term performance goals, reward above-average corporate performance, recognize individual initiative and achievements, and assist in attracting and retaining qualified executives. To that end, the Compensation Committee may establish certain parameters of corporate performance that must be met before the discretionary features, if any, of its executive compensation plans apply. These discretionary features include stock option grants and performance bonuses.

Absent the discretionary features, our executive officers are paid base salaries that are subject to annual cost-of-living increases, along with periodic adjustments to make such salaries competitive with other similar-sized companies in the specialty drug delivery/pharmaceutical industry. Our executive officers are also given the opportunity to participate in certain other broad-based employee benefit plans. As a result of our emphasis on tying executive compensation to corporate performance, in any particular year our executives may be paid more or less than the executives of other companies in the specialty drug delivery/pharmaceutical industry. Our use of stock option grants as a key component of our executive compensation plans reflects the Compensation Committee s position that stock ownership by management and stock-based compensation arrangements are beneficial in aligning management s and shareholders interests to enhance shareholder value.

Bonuses

Cash bonuses, if approved by the Compensation Committee, are used to reward executive officers for achievement of financial and technical milestones, as well as for individual performance. Bonuses of $54,000 and $10,000 were paid to Dr. Harrison and Lawrence M. Christian, respectively, during 2004.

Stock Options

Stock options awarded under our 1993, 1996 and 2001 Plans are intended as incentive compensation and have historically been granted annually to officers, other key employees and consultants based on our financial performance and achievement of technical and regulatory milestones. On December 29, 2004, we granted stock options totaling 220,000 and 308,400 to four executive officers and 25 employees, respectively. On September 17, 2003, we granted stock options totaling 375,000 and 808,750 shares to three executive officers and 27 employees, respectively. All grants are made to provide ongoing incentives to our consultants, outside directors and employees.

Chief Executive Officer s Compensation

Compensation for Jack E. Stover during 2004, as reflected in the Summary Compensation Table below, consisted of base compensation and certain employee benefits from the date of his employment as President and Chief Operating Officer on July 22, 2004, at a base annual compensation of $250,000 plus a signing bonus of $20,000; a target annual bonus of at least 30% up to a maximum of 45% with a guaranteed $75,000 annual basis bonus for 2004 prorated from the date of employment to year end; options to purchase 500,000 shares of common stock at $0.70 per share vesting over a four-year period; a 100,000 share grant of common stock, of which 50,000 shares vest immediately and 50,000 shares vest on the first anniversary of employment; and the ability to earn 459,999 additional shares of common stock upon the occurrence of various triggering events and the availability to participate in any other stock option plans for management. Mr. Stover subsequently became President and Chief Executive Officer effective September 1, 2004, at a base compensation of $300,000 on an annual basis.

Compensation for Dr. Roger Harrison during 2004, as reflected in the Summary Compensation Table below, consisted of base compensation and certain employee benefits until he resigned effective September 1, 2004. Dr. Harrison s base compensation for 2004 was $275,000 on an annual basis.

At this time the Committee has no formal long-range written plan for CEO compensation separate and apart from his employment agreement, which is discussed below.

James L. Clark (Chair)
Thomas J. Garrity
Anton Gueth
Members of the Compensation Committee

8

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning beneficial ownership of our common stock as of March 1, 2005, with respect to (i) all persons known to be the beneficial owners of more than 5% of the outstanding shares of such stock, (ii) each of our directors, (iii) each of our executive officers, and (iv) all directors and executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Outstanding Shares	Outstanding Options & Warrants (2)
Dr. Jacques Gonella (3) (4) (5)	10,647,560	23.8%	4,283,476
Permatec Holding AG (3) (5)	2,900,000	7.2%	
Jack E. Stover (4)	239,232	1.0%	602,000
James L. Clark (4) (6)	97,646	*	91,583
Thomas J. Garrity (4)	87,146	*	69,083
Anton Gueth (4)	85,146	*	62,583
Dr. Rajesh C. Shrotriya (4)	30,938	*	39,500
Dr. Paul K. Wotton (4)	28,750	*	27,500
Lawrence M. Christian (4)	242,744	1.0%	227,667
Dr. Dario Carrara (4)	157,650	*	272,500
Dr. Peter Sadowski (4)	189,213	*	285,923
James E. Hattersley (4)		*	65,000
All directors and executive officers as a group (11 persons) (4)	14,706,022	32.3%	6,026,815

* Less than 1%.

(1) Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission, and includes generally voting power and/or investment power with respect to securities. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days of March 1, 2005, are deemed outstanding for computing the percentage of the person holding such options but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, the Company believes that the persons named in this table, based on information provided by such persons, have sole voting and investment power with respect to the shares of Common Stock indicated.

(2) Shares of Antares Pharma Common Stock issuable upon the exercise of outstanding options and warrants.

(3) Dr. Jacques Gonella owns controlling interest in Permatec Holding AG and, therefore, exercises voting and investment control for the entity.

(4) The director s or officer s address is 707 Eagleview Boulevard, Suite 414, Exton, PA 19341.

(5) The address of Permatec Holding AG is Hauptstrasse 16, 4132 Muttenz, Switzerland.

(6) Mr. James Clark does not intend to stand for reelection to the Board of Directors and will resign prior to the annual meeting.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Employment Agreements with Executive Officers

We have written employment agreements with Mr. Jack E. Stover, Mr. Lawrence M. Christian, Dr. Dario Carrara and Mr. James E. Hattersley. The employment agreement with Dr.

Peter Sadowski expired on December 31, 2002, and he has been continuing employment without a contract since that time.

Employment Agreement with Mr. Jack E. Stover. Jack E. Stover was appointed President and Chief Operating Officer on July 22, 2004, and appointed Chief Executive Officer on September 1, 2004, upon the resignation of Roger G. Harrison, Ph.D. The employment agreement provided for a signing bonus of $20,000 and a base salary of $250,000 per year as President and Chief Operating Officer and at least $300,000 per year if the office of Chief Executive Officer was assumed, which occurred on September 1, 2004. The agreement also stipulates that Mr. Stover will be eligible to receive a target annual bonus of at least 30% up to a maximum of 45% of base salary as determined and approved by the Compensation Committee. For 2004, Mr. Stover s bonus was guaranteed at a $75,000 annual basis pro rated based on the number of days remaining in 2004 from and after July 22, 2004, his employment start date. The terms of the employment agreement with Mr. Stover included the issuance of options to purchase 500,000 shares of common stock at $0.70 per share vesting over four years and the issuance of 100,000 shares of common stock, of which 50,000 shares vested immediately and the remaining 50,000 shares will become fully vested on the first anniversary of his employment. Mr. Stover can earn up to an additional 459,999 shares of common stock upon the occurrence of various triggering events, and he is eligible to participate in any other stock option plans for management. Mr. Stover s agreement is for three years and automatically renews for successive one-year periods unless notice is given, by the Company, at least 90 days prior to the end of a period.

Employment Agreement with Mr. Lawrence M. Christian. Mr. Christian entered into an employment agreement with us as of December 22, 1999, with an updated agreement as of May 1, 2000. The employment agreement provided for a base salary of $102,000 per year until May 1, 2000, and $124,000 per year thereafter. Mr. Christian s salary has subsequently been adjusted to $150,000 per year. Upon the 2001 closing of our transaction with Permatec, we paid Mr. Christian a bonus of $17,000 and granted him an option to purchase 20,000 shares of Antares Pharma common stock. The employment agreement also contains provisions regarding participation in benefit plans, repayment of expenses, participation as a director or consultant to other companies (which is permitted provided that such participation does not materially detract from his obligations to us or otherwise violate the terms of the employment agreement), protection of confidential information and ownership of intellectual property. In addition, the employment agreement contains a covenant not to compete and a covenant with respect to nonsolicitation and noninterference with customers, suppliers or employees. Mr. Christian s agreement is for 365 days continuing each day on a rolling 365-day basis.

Employment Agreement with Dr. Dario Carrara. Dr. Carrara entered into an employment agreement with Permatec on May 31, 2000. We assumed all employment obligations of Permatec upon the 2001 closing of our transaction with Permatec as of January 31, 2001. Dr. Carrara is a citizen of Argentina and, accordingly, is considered a foreign service employee for Swiss employment purposes. The employment agreement provides for a 2000 base salary of $102,415, bonuses at the discretion of the Board of Directors, participation in stock option programs as may be available, an expense account allowance of $482 per month, two family trips per year to his home country, private school cost for his children up to $15,062 per

year, family housing cost in Switzerland up to $21,689 per year and family local language lessons up to $6,025 during the first twelve months. Dr. Carrara s salary was subsequently adjusted to 260,000 Swiss Francs, or approximately $209,485 using the exchange rate at December 31, 2004, of 1.1412. The agreement is for an indeterminate period of time and either party may terminate the agreement by providing written notice three months in advance of termination.

Employment Agreement with James E. Hattersley. Mr. Hattersley entered into an employment agreement with Antares Pharma as of February 14, 2005. The employment agreement provides for a base salary of $186,000 and one-time signing bonus of $18,000. In addition, Mr. Hattersley is eligible for reimbursement of relocation and other expenses up to $55,000 and was granted a 4-year option to purchase 65,000 shares of Antares Pharma s common stock. Mr. Hattersley is entitled to participate in Antares Pharma s established bonus plan and is also eligible for bonuses upon the achievement of certain time-based and performance-based milestones. The employment agreement also contains provisions regarding participation in benefit plans, vacation time, repayment of expenses, protection of confidential information and ownership of intellectual property. In addition, the employment agreement contains a covenant not to compete and a covenant with respect to nonsolicitation and noninterference with customers, suppliers or employees. Mr. Hattersley s agreement is for one year and may be extended upon the mutual agreement of the parties. The employment agreement provides Mr. Hattersley with six-months of base pay severance in the event that he is terminated by Antares Pharma without cause or as a result of a change in control.

Other Related Transactions

Effective February 1, 2001, we entered into a consulting agreement with JG Consulting AG, a company owned by our largest single shareholder, Dr. Jacques Gonella. In 2003 we recognized expense of $186,000 in connection with this agreement, and had liabilities to JG Consulting AG at December 31, 2003 of $162,595, which was subsequently paid in 2004. This agreement was terminated on December 31, 2003.

In February 2003 we restructured our 10% convertible debentures replacing them with 8% convertible debentures. In this transaction, debenture holders Xmark Fund, Ltd., Xmark Fund, L.P. (together XMark) and SDS Merchant Fund, LP, received warrants to purchase a total of 2,932,500 shares of our common stock. In July 2003 we received aggregate proceeds of $4,000,000 in two separate private placements of our common stock. We issued 4,000,000 shares of our common stock at a price of $1.00 per share and warrants to purchase 3,000,000 shares of common stock at an exercise price of $1.25 per share. XMark, North Sound Legacy Fund LLC, North Sound Legacy Institutional Fund LLC and North Sound Legacy International LTD. (together North Sound) and SDS Merchant Fund, LP, each purchased 1,000,000 shares of our common stock along with warrants to purchase 750,000 shares of common stock in these private placements. In September 2003, XMark and SDS Merchant Fund, LP, holders of our 8% Senior Secured Convertible Debentures and Amended and Restated 8% Senior Secured Convertible Debentures (collectively, the Debentures), exchanged the outstanding $1,218,743 aggregate principal and accrued interest of the Debentures for 243,749 shares of our Series D

11

Convertible Preferred Stock (the Series D Preferred). Each share of Series D Preferred is currently convertible into ten shares of our common stock, resulting in an aggregate of 2,437,490 shares of common stock issuable upon conversion of the Series D Preferred. In a February 2004 private placement of our common stock, SDS Capital Group SPC purchased 750,000 shares of our common stock along with warrants to purchase 250,000 shares of our common stock at an exercise price of $1.25 per share. North Sound also participated in the February 2004 private placement, purchasing 1,000,000 shares of our common stock along with warrants to purchase 333,333 shares of our common stock at an exercise price of $1.25. As a result of these and previous transactions, the SDS entities together, XMark and North Sound each became beneficial owners of more than 5% of our common stock at the time. As of February 14, 2005, none of the above mentioned investors are holders of more than 5% of our common shares.

EXECUTIVE COMPENSATION

Summary of Cash and Certain Other Compensation

The following table provides certain summary information concerning compensation paid or accrued by us to or on behalf of the Chief Executive Officer and the three other most highly compensated executive officers (the Named Executive Officers) as of the year ended December 31, 2004, for services in all capacities, as well as compensation earned by such persons for the previous two fiscal years (if the person was an executive officer during any part of such fiscal year):

12

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation		
Name and Principal Position	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)(1)**	**Stock Options (#)**	**Restricted Stock ($)**
Mr. Jack E. Stover President and Chief Executive Officer	2004(2)	127,462	20,000	4,255	552,000	49,583
Dr. Roger G. Harrison	2004(3)	238,715	54,000	8,125		

		Annual Compensation		Long-Term Compensation		
Chief Executive Officer	2003	275,000		18,000		
and President	2002	275,000		18,000	5,625	155,000
Lawrence M. Christian	2004	145,600	10,000		27,500	
Chief Financial Officer, Secretary,	2003	145,600			125,000	
and Vice President, Finance	2002	145,600			7,500	
Dr. Dario Carrara,	2004(4)	209,485		143,895	80,000	
Managing Director,	2003(4)	179,000		124,000	125,000	
Formulations Group	2002(4)	160,500		100,100	7,500	
Dr. Peter Sadowski	2004	156,000		5,400	60,500	
Technology Officer and	2003	156,000		5,400	125,000	
Vice President, Devices Group	2002	156,000		5,400	7,500	

(1) Represents auto allowance payments and foreign employee allowances for Dr. Carrara including housing, tuition for dependents and home country travel expenses.
(2) Represents compensation from employment date of July 22, 2004. Prior to Mr. Stover s employment date, he was paid $102,764 under a consulting agreement dated March 8, 2004.
(3) Represents compensation until resignation date of September 1, 2004.
(4) Compensation for Dr. Carrara was in Swiss Francs converted to U.S. dollars at the Swiss Francs per U.S. dollar exchange rates of 1.1412, 1.2380 and 1.3833 at December 31, 2004, 2003 and 2002, respectively.

Dr. Jacques Gonella, the Chairman of our Board of Directors and our largest single shareholder, receives 20,000 stock options annually and an annual retainer of $15,000, as do each of our directors. As Chairman of our Board of Directors, Dr. Gonella also receives an additional annual retainer of $25,000.

STOCK OPTIONS

Original Option Grants During 2004

The table below sets forth individual grants of stock options made to the Named Executive Officers during the year ended December 31, 2004.

13

Name	Number of Securities Underlying Options Granted(#)	Percent of Total Options Granted to Employees During the Year(%)	Exercise Price or Base Price/sh. ($)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1) 5%($)	10%($)
Jack E. Stover (2)	500,000	48.6	0.70	07/01/14	220,100	557,800
Jack E. Stover (3)	52,000	5.1	1.32	12/28/14	43,200	109,400

					Potential Realizable	
Lawrence M. Christian (3)	27,500	2.7	1.32	12/28/14	22,800	57,900
Dr. Dario Carrara (3)	80,000	7.8	1.32	12/28/14	66,400	168,300
Dr. Peter Sadowski (3)	60,500	5.9	1.32	12/28/14	50,200	127,300

(1) The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by rules of the Securities and Exchange Commission and do not represent the Company s estimate or projection of the Company s future common stock prices.

(2) Incentive stock options granted pursuant to the Company s 2001 Stock Option Plan on July 22, 2004. These options vest over a period of four years with 18.50% of the grant vesting on the two hundred seventieth (270^{th}) day following July 22, 2004 and the balance vesting pro-rata on a monthly basis thereafter.

(3) Incentive stock options granted pursuant to the Company s 2001 Stock Option Plan on December 29, 2004. These options vest in 12 equal quarterly installments beginning on March 31, 2005.

Aggregated Option Exercises in 2004 and Year End Option Values

The following table provides information concerning stock option exercises and the value of unexercised options at December 31, 2004, for the Named Executive Officers:

	Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Year End(#)		Value of Unexercised In-The-Money Options at Year End($)	
Name	**(#)**	**($)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Jack E. Stover	0	0	0	552,000		
Lawrence M. Christian	0	0	144,450	66,550		
Dr. Dario Carrara	0	0	157,650	114,850		
Dr. Peter Sadowski	0	0	189,013	96,910		

14

Equity Compensation Plan Information

The following table provides information as of December 31, 2004, with respect to compensation plans under which our equity securities are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods or services.