

Advaxis, Inc.  
Form 10-K/A  
February 28, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

**(Amendment No. 2)**

**x ANNUAL REPORT UNDER SECTION 13 OR 15(d)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE FISCAL YEAR ENDED - OCTOBER 31, 2012**

**OR**

**“ TRANSITION REPORT UNDER SECTION 13 OR 15(d)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_**

**COMMISSION FILE NUMBER 000-28489**

**ADVAXIS, INC.**

*(Name of Registrant in Its Charter)*

Delaware

02-0563870

*(State or Other Jurisdiction of*

*(I.R.S. Employer Identification No.)*

*Incorporation or Organization)*

305 College Road East

08540

Princeton, New Jersey

*(Zip Code)*

*(Address of Principal Executive Offices)*

(609) 452-9813

*(Issuer's Telephone Number)*

Common Stock - \$.001 par value

Securities registered under Section 12(b) of the Exchange Act:

The Common Stock is listed on the Over-The-Counter

Bulletin Board (OTC:BB)

Securities registered under Section 12(g) of the Exchange Act: [None]

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

As of April 30, 2012, the aggregate market value of the voting common equity held by non-affiliates was approximately \$35,567,624 based on the closing bid price of the registrant's common stock on the Over the Counter Bulletin Board. (For purposes of determining this amount, only directors, executive officers, and 10% or greater stockholders and their respective affiliates have been deemed affiliates).

The registrant had 502,052,901 shares of Common Stock, par value \$0.001 per share, issued and outstanding as of February 13, 2013.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

## **EXPLANATORY NOTE**

This Amendment No. 2 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2012, filed with the Securities and Exchange Commission (the "SEC") on February 13, 2013 (the "Original Filing") and amended by Amendment No. 1 to the Original Filing filed with the SEC on February 14, 2013, is being filed to also provide the information required by Items 10, 11, 12, 13 and 14 of Part III. This information was previously omitted from the Original Filing in reliance on General Instruction G(3) to Form 10-K, which provides that registrants may incorporate by reference certain information from a definitive proxy statement which involves the election of directors if such definitive proxy statement is filed with the SEC within 120 days after the end of the fiscal year. We do not now anticipate that the Company's definitive proxy statement involving the election of directors will be filed by February 28, 2013 (i.e., within 120 days after the end of the Company's 2012 fiscal year).

Pursuant to Rule 12b-15 under the Securities and Exchange Act of 1934, as amended, this Amendment No. 2 amends the Original Filing and contains new certifications pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

This Amendment No. 2 to the Original Filing does not amend or otherwise update any other information in our Form 10-K. Accordingly, this Amendment No. 2 should be read in conjunction with the Company's other filings made with the SEC subsequent to the filing of the Original Filing, including any amendments to those filings.

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**PART III****Item 10: Directors, Executive Officers, Corporate Governance****Executive Officers, Directors and Key Employees**

The following are our executive officers and directors and their respective ages and positions as of February 25, 2013.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Thomas A. Moore	62	Chief Executive Officer and Chairman of our Board of Directors
Roni A. Appel	46	Director
Richard Berman	70	Director
Dr. Thomas McKearn	64	Director
Dr. James Patton	55	Director
Daniel J. O'Connor	48	Senior Vice President, Corporate Development and Chief Legal Officer
Mark J. Rosenblum	59	Chief Financial Officer, Senior Vice President and Secretary
John Rothman, Ph.D.	63	Executive Vice President of Clinical and Scientific Operations

**Thomas A. Moore.** Thomas Moore has been CEO of Advaxis, Inc. since 2006. Previously, from June 2002 to June 2004, Mr. Moore was President and Chief Executive Officer of Biopure Corporation, a developer of oxygen therapeutics that are intravenously administered to deliver oxygen to the body's tissues. From 1996 to November 2000, he was President and Chief Executive Officer of Nelson Communications. Previously, Mr. Moore had a 23-year career with the Procter & Gamble Company in multiple managerial positions, including President of Health Care Products where he was responsible for prescription and over-the-counter medications worldwide, and group vice president of the Procter & Gamble Company. Mr. Moore's extensive business, managerial, executive and leadership experience in the healthcare industry make him particularly qualified to serve as our director.

**Roni A. Appel.** Mr. Appel has served as a member of our board of directors since November 2004. He was our President and Chief Executive Officer from January 1, 2006 and Secretary and Chief Financial Officer from November 2004, until he resigned as our Chief Financial Officer on September 7, 2006 and as our President, Chief Executive Officer and Secretary on December 15, 2006. From 1999 to 2004, he was a partner and managing director of LV Equity Partners (f/k/a LibertyView Equity Partners). From 1998 until 1999, he was a director of business development at Americana Financial Services, Inc. From 1994 to 1998, he was an attorney and completed his MBA at Columbia University. Mr. Appel's longstanding service with us and his entrepreneurial investment career in early

stage biotech businesses qualify him to serve as our director.

**Richard Berman.** Mr. Berman has served as a member of our board of directors since September 1, 2005. Richard Berman's business career spans over 35 years of venture capital, senior management and merger & acquisitions experience. In the past 5 years, Mr. Berman has served as a director and/or officer of over a dozen public and private companies. From 2006 to 2011, he was Chairman of National Investment Managers, a company with \$12 billion in pension administration assets. In 2012, he became vice chairman of Energy Smart Resources, Inc. Mr. Berman is a director of three public companies: Advaxis, Inc., Neostem, Inc., and Lustris, Inc. From 1998 to 2000, he was employed by Internet Commerce Corporation (now Easylink Services) as Chairman and CEO. Previously, Mr. Berman worked at Goldman Sachs; was Senior Vice President of Bankers Trust Company, where he started the M&A and Leveraged Buyout Departments; created the largest battery company in the world in the 1980s by merging Prestolite, General Battery and Exide to form Exide Technologies (XIDE); helped to create what is now Soho (NYC) by developing five buildings; and advised on over \$4 billion of M&A transactions (completed over 300 deals). He is a past Director of the Stern School of Business of NYU where he obtained his B.S. and M.B.A. He also has US and foreign law degrees from Boston College and The Hague Academy of International Law, respectively. Mr. Berman's extensive knowledge of our industry, his role in the governance of publicly held companies and his directorships in other life science companies qualify him to serve as our director.

**Dr. Thomas L. McKearn.** Dr. McKearn has served as a member of our board of directors since July 2002. He brings more than 30 years of experience in the translation of biotechnology science into oncology products. As one of the founders of Cytogen Corporation, an Executive Director of Strategic Science and Medicine at Bristol-Myers Squibb, then as the VP Strategic Clinical Affairs at Agennix, Inc. (formerly GPC-Biotech), and now as the President, Research & Development at Onconova, he has worked to bring the most innovative laboratory findings into the clinic and through the FDA regulatory process for the benefit of cancer patients who need better ways to cope with their afflictions. Prior to entering the biotechnology industry in 1981, Dr. McKearn received his medical, graduate and post-graduate training at the University of Chicago and served on the faculty of the Medical School at the University of Pennsylvania. Dr. McKearn's experience in managing life science companies, his knowledge of medicine and his commercialization of biotech products qualify him to serve as our director.

**Dr. James Patton.** Dr. Patton has served as a member of our board of directors since February 2002, as Chairman of our board of directors from November 2004 until December 31, 2005 and as our Chief Executive Officer from February 2002 to November 2002. Since February 1999, Dr. Patton has been the Vice President of Millennium Oncology Management, Inc., which provides management services for radiation oncology care to four sites. Dr. Patton has been a trustee of Dundee Wealth US, a mutual fund family since October 2006. He is a founder and has been chairman of VAL Health, LLC, a health care consultancy, from 2011 to the present. In addition, he was President of Comprehensive Oncology Care, LLC since 1999, a company which owned and operated a cancer treatment facility in Exton, Pennsylvania until its sale in 2008. From February 1999 to September 2003, Dr. Patton also served as a consultant to LibertyView Equity Partners SBIC, LP, a venture capital fund based in Jersey City, New Jersey. From July 2000 to December 2002, Dr. Patton served as a director of Pinpoint Data Corp. From February 2000 to November 2000, Dr. Patton served as a director of Healthware Solutions. From June 2000 to June 2003, Dr. Patton served as a director of LifeStar Response. He earned his B.S. from the University of Michigan, his Medical Doctorate from Medical College of Pennsylvania, and his M.B.A. from Penn's Wharton School. Dr. Patton was also a Robert Wood Johnson Foundation Clinical Scholar. He has published papers regarding scientific research in human genetics, diagnostic test performance and medical economic analysis. Dr. Patton's experience as a trustee and consultant to funds that invest in life science companies provide him with the perspective from which we benefit. Additionally, Dr. Patton's medical experience and service as a principal and director of other life science companies make Dr. Patton particularly qualified to serve as our director.

**Daniel J. O'Connor, Esq.** Mr. O'Connor joined our Company on January 1, 2013 and has 15 years of executive, legal, and regulatory experience in the biopharmaceutical industry with ImClone Systems, PharmaNet and Bracco Diagnostics. Joining ImClone in 2003, Mr. O'Connor supported the clinical development, launch, and commercialization of ERBITUX(R). As ImClone's senior vice president, general counsel, and secretary, he played a key role in resolving numerous issues facing ImClone, including extensive licensing negotiations, in advance of the company being sold to Eli Lilly in 2008. Prior to joining ImClone, Mr. O'Connor was PharmaNet's general counsel and instrumental in building the company from a start-up contract research organization to an established world leader in clinical research. Mr. O'Connor was also a criminal prosecutor in New Jersey and gained leadership experience as a Captain in the U.S. Marines, serving in the Persian Gulf in 1990. Most recently, while at Bracco Diagnostics, a large private pharmaceutical and medical device company, Mr. O'Connor was the company's vice president and general counsel.



**Mark J. Rosenblum.** Effective as of January 5, 2010, Mr. Rosenblum joined our company as our Chief Financial Officer, Senior Vice President and Secretary. Mr. Rosenblum was the Chief Financial Officer of HemobioTech, Inc., a public company primarily engaged in the commercialization of human blood substitute technology licensed from Texas Tech University, from April 1, 2005 until December 31, 2009. From August 1985 through June 2003, Mr. Rosenblum was employed by Wellman, Inc., a public chemical manufacturing company. Between 1996 and 2003, Mr. Rosenblum was the Chief Accounting Officer, Vice President and Controller at Wellman, Inc. Mr. Rosenblum holds both a Masters in Accountancy and a B.S. degree from the University of South Carolina. Mr. Rosenblum is a certified public accountant.

***John Rothman, Ph.D.*** Dr. Rothman joined our company in March 2005 as Vice President of Clinical Development and as of December 12, 2008, he was appointed to Executive Vice President of Clinical and Scientific Operations. From 2002 to 2005, Dr. Rothman was Vice President and Chief Technology Officer of Princeton Technology Partners. Prior to that he was employed by Schering-Plough and Hoffman-LaRoche.

## **Board of Directors**

Each director is elected for a period of one year and serves until the next annual meeting of stockholders, or until his or her successor is duly elected and qualified. Officers are elected by, and serve at the discretion of, our board of directors. The board of directors may also appoint additional directors up to the maximum number permitted under our by-laws, which is currently nine.

## **Director Independence**

In accordance with the disclosure requirements of the SEC, and since the Over-The-Counter Bulletin Board, which we refer to as the OTC Bulletin Board, does not have its own rules for director independence, we have adopted the NASDAQ listing standards for independence effective April 2010. Although we are not presently listed on any national securities exchange, each of our directors, other than Mr. Thomas A. Moore and Mr. Roni Appel, is independent in accordance with the definition set forth in the NASDAQ rules. Each current member of the Audit Committee and Compensation Committee is an independent director under the NASDAQ standards. The Board considered the information included in transactions with related parties as outlined below along with other information the Board considered relevant, when considering the independence of each director.

## **Committees of the Board of Directors**

Our board of directors has three standing committees: the audit committee, the compensation committee, and the nominating and corporate governance committee.

### *Audit Committee*

The audit committee of our board of directors is currently composed of two directors, both of whom satisfy the independence standards for audit committee members under the NASDAQ rules (although our securities are not listed

on the NASDAQ stock market but are quoted on the OTC Bulletin Board). For fiscal 2012, the audit committee was composed of Mr. Berman and Dr. Patton, with Mr. Berman serving as the audit committee's financial expert as defined under Item 407 of Regulation S-K of the Securities Act of 1933, as amended, which we refer to as the Securities Act. Our board of directors has determined that the audit committee financial expert is independent as defined in (i) Rule 10A-3(b)(1) under the Exchange Act and (ii) under Section 121 B(2)(a) of the NYSE Amex Equities Company Guide (although our securities are not listed on the NYSE Amex Equities but are quoted on the OTC Bulletin Board).

The audit committee is responsible for the following:

- reviewing the results of the audit engagement with the independent registered public accounting firm;
  
- identifying irregularities in the management of our business in consultation with our independent accountants, and suggesting an appropriate course of action;
  
- reviewing the adequacy, scope, and results of the internal accounting controls and procedures;
  
- reviewing the degree of independence of the auditors, as well as the nature and scope of our relationship with our independent registered public accounting firm;

- reviewing the auditors' fees; and

- recommending the engagement of auditors to the full board of directors.

#### *Compensation Committee*

The compensation committee of our board of directors consists of Mr. Berman and Dr. McKearn. The compensation committee determines the salaries and incentive compensation of our officers subject to applicable employment agreements, and provides recommendations for the salaries and incentive compensation of our other employees and consultants.

#### *Nominating and Corporate Governance Committee*

The nominating and corporate governance committee of our board of directors currently consists of Mr. Berman and Mr. Moore. The nominating and corporate governance committee met once in fiscal 2012. The functions of the nominating and corporate governance committee include the following:

- identifying and recommending to the board of directors individuals qualified to serve as members of our board of directors and on the committees of the board;

- advising the board with respect to matters of board composition, procedures and committees;

- developing and recommending to the board a set of corporate governance principles applicable to us and overseeing corporate governance matters generally including review of possible conflicts and transactions with persons affiliated with directors or members of management; and

- overseeing the annual evaluation of the board and our management.

The nominating and corporate governance committee will consider director candidates recommended by eligible stockholders. Stockholders may recommend director nominees for consideration by the nominating and corporate governance committee by writing to the Nominating and Corporate Governance, Attention: Chairman, Advaxis, Inc.,

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305 College Road East, Princeton, New Jersey, 08540. Any recommendations for director made to the nominating and corporate governance committee should include the nominee's name and qualifications for membership on our board of directors, and should include the following information for each person being recommended or nominated for election as a director:

- The name, age, business address and residence address of the person;
- The principal occupation or employment of the person;
- The number of shares of our common stock which the person owns beneficially or of record; and

Any other information relating to the person that must be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors under Section 14 of the Exchange Act and its rules and regulations.

In addition, the stockholder's notice must include the following information about such stockholder:

- The stockholder's name and record address;
- The number of shares of our common stock that the stockholder owns beneficially or of record;

A description of all arrangements or understandings between the stockholder and each proposed nominee and any other person or persons, including their names, pursuant to which the nomination is to be made;

A representation that the stockholder intends to appear in person or by proxy at the annual meeting to nominate the person or persons named in such stockholder's notice; and

Any other information about the stockholder that must be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors under Section 14 of the Exchange Act and its rules and regulations.

The notice must include a written consent by each proposed nominee to being named as a nominee and to serve as a director if elected. No person will be eligible for election as a director of ours unless recommended by the nominating and corporate governance committee and nominated by our board of directors or nominated in accordance with the procedures set forth above. Candidates proposed by stockholders for nomination are evaluated using the same criteria as candidates initially proposed by the nominating and corporate governance committee.

We must receive the written nomination for an annual meeting not less than 90 days and not more than 120 days prior to the first anniversary of the previous year's annual meeting of stockholders, or, if no annual meeting was held the previous year or the date of the annual meeting is advanced more than 30 days before or delayed more than 60 days after the anniversary date, we must receive the written nomination not more than 120 days prior to the annual meeting and not less than the later of 90 days prior to the annual meeting or ten days following the day on which public announcement of the date of the annual meeting is first made. For a special meeting, we must receive the written nomination not less than the later of 90 days prior to the special meeting or ten days following the day on which public announcement of the date of the special meeting is first made.

The nominating and corporate governance committee expects, as minimum qualifications, that nominees to our board of directors (including incumbent directors) will enhance our board of director's management, finance and/or scientific expertise, will not have a conflict of interest and will have a high ethical standard. A director nominee's knowledge and/or experience in areas such as, but not limited to, the medical, biotechnology, or life sciences industry, equity and debt capital markets and financial accounting are likely to be considered both in relation to the individual's qualification to serve on our board of directors and the needs of our board of directors as a whole. Other characteristics, including but not limited to, the director nominee's material relationships with us, time availability, service on other boards of directors and their committees, or any other characteristics which may prove relevant at any given time as determined by the nominating and corporate governance committee shall be reviewed for purposes of determining a director nominee's qualification.

Candidates for director nominees are evaluated by the nominating and corporate governance committee in the context of the current composition of our board of directors, our operating requirements and the long-term interests of our stockholders. The nominating and corporate governance committee then uses its network of contacts to compile a list

of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The nominating and corporate governance committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of our board of directors. In the case of incumbent directors whose terms of office are set to expire, the nominating and corporate governance committee reviews such directors' overall service to us during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. The nominating and corporate governance committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to our board of directors by majority vote. To date, the nominating and corporate governance committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates

### **Compensation Committee Interlocks and Insider Participation**

The current members of the compensation committee are Mr. Berman and Dr. McKearn. Currently, none of such persons is an officer or employee of us or any of our subsidiaries. During fiscal 2012, none of our executive officers served as a director or member of a compensation committee (or other committee serving an equivalent function) of any other entity, whose executive officers served as a director or member of our compensation committee. No interlocking relationship, as defined by the Securities Exchange Act of 1934, as amended, exists between our board of directors or our Compensation Committee and the board of directors or compensation committee of any other company.

## **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and each person who owns more than ten percent of a registered class of our equity securities (collectively, "Reporting Persons") to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities. Reporting Persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on the Company's review of the copies of the forms received by it during the fiscal year ended October 31, 2012 and written representations that no other reports were required, the Company believes that each person who, at any time during such fiscal year, was a director, officer or beneficial owner of more than ten percent of the Company's common stock complied with all Section 16(a) filing requirements during such fiscal year, except: (i) Roni A. Appel, as a director of the Company, filed a late Form 4 on February 28, 2013 to report a transaction that occurred on March 1, 2012; (ii) Richard Berman, as a director of the Company, filed a late Form 4 on February 28, 2013 to report a transaction that occurred on February 8, 2012; (iii) Dr. Thomas McKearn, as a director of the Company, filed a late Form 4 on February 28, 2013 to report a transaction that occurred on March 1, 2012; and (iv) Dr. James Patton, as a director of the Company, filed a late Form 4 on February 28, 2013 to report transactions that occurred on March 1, 2012 and August 2, 2012.

## **Code of Ethics**

We have adopted a code of ethics that applies to our officers, employees and directors, including our principal executive officers, principal financial officer and principal accounting officer. The code of ethics sets forth written standards that are designated to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the code to an appropriate person or persons identified in our code of ethics; and
- accountability for adherence to our code of ethics.

A copy of our code of ethics has been filed with the SEC as an exhibit to our Form 8-K dated November 18, 2004.

## **Item 11: Executive Compensation**



## Summary Compensation Table

The following table sets forth the information as to compensation paid to or earned by our Chief Executive Officer and our two other most highly compensated executive officers during the fiscal years ended October 31, 2012 and 2011. These individuals are referred to in this prospectus as our named executive officers. As none of our named executive officers received non-equity incentive plan compensation or nonqualified deferred compensation earnings during the fiscal years ended October 31, 2012 and 2011, we have omitted those columns from the table.

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock	Option	All Other Compensation	Total
				Award(s) (1)	Award(s) (1)		
Thomas A. Moore, CEO and Chairman	2012	\$350,000	\$-	\$-	\$592,000(6)	\$43,985	(2) \$985,985
	2011	\$350,000	\$-	\$-	\$-	\$21,294	(2) \$371,294
Dr. John Rothman, Executive VP of Science & Operations	2012	275,000	-	30,000 (3)	444,000(7)	33,516	(4) 782,516
	2011	275,000	83,000	30,000 (3)	-	34,665	(4) 422,665
Mark J. Rosenblum Chief Financial Officer	2012	250,000	-	-	\$310,800(8)	21,335	(5) 582,135
	2011	250,000	72,000	-	-	19,211	(5) 341,211

(1) The amounts shown in this column represent the fair value on grant date in accordance with ASC 718.

(2) Based on our cost of Mr. Moore's coverage for health care and interest received for the Moore Notes.

(3) Represents \$30,000 of base salary paid in shares of our common stock in lieu of cash, based on the average monthly stock price.

(4) Based on our cost of his coverage for health care and the 401K company match he received.

(5) Based on our cost of his coverage for health care.

In the fiscal year ended October 31, 2012, we granted stock options to purchase 4,000,000 shares of our common (6) stock to Mr. Moore in connection with services he performed. The material terms of this grant are described below under the heading "Discussion of Summary Compensation Table."

In the fiscal year ended October 31, 2012, we granted stock options to purchase 3,000,000 shares of our common (7) stock to Dr. Rothman in connection with services he performed. The material terms of this grant are described below under the heading "Discussion of Summary Compensation Table."

In the fiscal year ended October 31, 2012, we granted stock options to purchase 2,100,000 shares of our common (8) stock to Mr. Rosenblum in connection with services he performed. The material terms of this grant are described below under the heading "Discussion of Summary Compensation Table."

## Discussion of Summary Compensation Table

*Moore Employment Agreement and Option Agreements.* We are party to an employment agreement with Mr. Moore, dated as of August 21, 2007 (memorializing an oral agreement dated December 15, 2006), that provides that he will serve as our Chairman of the Board and Chief Executive Officer for an initial term of two years. For so long as Mr. Moore is employed by us, Mr. Moore is also entitled to nominate one additional person to serve on our board of directors. Following the initial term of employment, the agreement was renewed for a one year term, and is automatically renewable for additional successive one year terms, subject to our right and Mr. Moore's right not to renew the agreement upon at least 90 days' written notice prior to the expiration of any one year term.

Under the terms of the agreement, Mr. Moore was entitled to receive a base salary of \$350,000 per year, and subject to annual review for increases by our board of directors in its sole discretion. The agreement also provides that Mr. Moore is entitled to receive family health insurance at no cost to him. Mr. Moore's employment agreement does not provide for the payment of a bonus.

In connection with our hiring of Mr. Moore, we agreed to grant Mr. Moore up to 1,500,000 shares of our common stock, of which 750,000 shares were issued on November 1, 2007 upon our successful raise of \$4.0 million and 750,000 shares were issued on June 29, 2010 upon our successful raise of an additional \$6.0 million (which condition was satisfied in January 2010). In addition, on December 15, 2006, we granted Mr. Moore options to purchase 2,400,000 shares of our common stock. Each option is exercisable at \$0.143 per share (which was equal to the closing sale price of our common stock on December 15, 2006) and expires on December 15, 2016. The options vested in 24 equal monthly installments. On July 21, 2009, we granted Mr. Moore options to purchase 2,500,000 shares of our common stock. Each option is exercisable at \$0.10 per share (which was equal to the closing sale price of our common stock on July 21, 2009) and expires on July 21, 2019. One-third of these options vested on the grant date, one-third of these options vested on the first anniversary of the grant and the remaining one-third will vest on the second anniversary of the grant. On October 14, 2010, we granted Mr. Moore options to purchase 2,000,000 shares of our common stock. Each option is exercisable at \$0.15 per share. These options vest over a three year period beginning one year from the grant date. On November 8, 2011, we granted Mr. Moore options to purchase 4,000,000 shares of our common stock. Each option is exercisable at \$0.148 per share. These options vest over a three year period beginning one year from the grant date.

We have also agreed to grant Mr. Moore options to purchase an additional 1,500,000 shares of our common stock if the price of common stock (adjusted for any splits) is equal to or greater than \$0.40 for 40 consecutive business days. Pursuant to the terms of his employment agreement, all options will be awarded and vested upon a merger of the company which is a change of control or a sale of the company while Mr. Moore is employed. In addition, if Mr. Moore's employment is terminated by us, Mr. Moore is entitled to receive severance payments equal to one year's salary at the then current compensation level.

Mr. Moore has agreed to refrain from engaging in certain activities that are competitive with us and our business during his employment and for a period of 12 months thereafter under certain circumstances. In addition, Mr. Moore is subject to a non-solicitation provision for 12 months after termination of his employment.

*Rothman Employment Agreement and Option Agreements.* Dr. Rothman's 2011 and 2012 salary was \$305,000, consisting of \$275,000 in cash and \$30,000 in stock, payable in our common stock, based on the average closing stock price.

On March 1, 2005, we granted Dr. Rothman options to purchase 360,000 shares of our common stock. Each option is exercisable at \$0.287 per share (which was equal to the closing sale price of our common stock on March 1, 2005) and expires on March 1, 2015. All of these options have vested. On March 29, 2006, we granted Dr. Rothman options to purchase 150,000 shares of our common stock. Each option is exercisable at \$0.26 per share (which was equal to the closing sale price of our common stock on March 29, 2006) and expires on March 29, 2016. One-fourth of these options vested on the first anniversary of the grant date, and the remaining vest in 12 equal quarterly installments. On February 15, 2007, we granted Dr. Rothman options to purchase 300,000 shares of our common stock. Each option is exercisable at \$0.165 per share (which was equal to the closing sale price of our common stock on February 15, 2007) and expires on February 15, 2017. One-fourth of these options vested on the first anniversary of the grant date, and the remaining vest in 12 equal quarterly installments. Pursuant to the terms of the 2005 plan, at least 75% of Dr. Rothman's options will be vested upon a merger of the company which is a change of control or a sale of the company while Dr. Rothman is employed, unless the administrator of the plan otherwise allows for all options to become vested. On July 21, 2009, we granted Mr. Rothman options to purchase 1,750,000 shares of our common stock. Each option is exercisable at \$0.10 per share (which was equal to the closing sale price of our common stock on July 21, 2009) and expires on July 21, 2019. One-third of these options vested on the grant date, one-third of these options vested on the first anniversary of the grant and the remaining one-third will vest on the second anniversary of the grant. On October 14, 2010, we granted Dr. Rothman options to purchase 2,250,000 shares of our common stock. Each option is exercisable at \$0.15 per share. These options vest over a three year period beginning one year from the grant date. On November 8, 2011, we granted Dr. Rothman options to purchase 3,000,000 shares of our common stock. Each option is exercisable at \$0.148 per share. These options vest over a three year period beginning one year from the grant date.

*Rosenblum Compensation.* Mr. Rosenblum serves as our Chief Financial Officer, Senior Vice President and Secretary. His current salary is \$250,000 per annum, with a discretionary bonus of up to 30% of his base compensation awarded annually in March beginning in 2011. While an employment agreement has not been formally

entered into, Mr. Rosenblum remains employed by us.

In addition, on January 5, 2010 Mr. Rosenblum was granted options to purchase 1,000,000 shares of our common stock with an exercise price equal to \$0.128, all of which are currently vested. On October 14, 2010, we granted Mr. Rosenblum options to purchase 1,200,000 shares of our common stock. Each option is exercisable at \$0.15 per share. These options vest over a three year period beginning one year from the grant date. On November 8, 2011, we granted Mr. Rosenblum options to purchase 2,100,000 shares of our common stock. Each option is exercisable at \$0.148 per share. These options vest over a three year period beginning one year from the grant date.

**Outstanding Equity Awards at Fiscal Year-End**

The following table provides information about the number of outstanding equity awards held by our named executive officers at October 31, 2012:

Name	Option Awards		Stock Awards		Equity
	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Option Exercise Price (\$)	Number of Shares Or Units of Stock That Have Not Vested (#)	Market Value of Shares Or Units of Stock That Have Not Vested (\$)	Incentive Plan Awards: Number of Unearned Shares, Units Or Other Rights That Have Not