
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) October 10, 2011

IRIDEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-27598
(Commission
File Number)

77-0210467
(IRS Employer
Identification No.)

**1212 Terra Bella Avenue
Mountain View, California 94043**
(Address of principal executive offices, including zip code)

(650) 940-4700
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b) Resignation of Theodore A. Boutacoff as President and Chief Executive Officer

On October 10, 2011, IRIDEX Corporation (the “Company”) and Theodore A. Boutacoff entered into an Executive Transition Agreement (the “Transition Agreement”) pursuant to which Mr. Boutacoff resigned as the Company’s President and Chief Executive Officer and as a member of the Company’s Board of Directors (the “Board”), effective as of such date, and was appointed as the Company’s Chief Technology Officer, as is more fully described in Item 5.02(c) below.

(c) Appointment of Dominik Beck, Ph.D. as President and Chief Executive Officer

On October 10, 2011, the Board announced the appointment of Dominik Beck, Ph.D., age 47, to the Board and as the Company’s President and Chief Executive Officer, effective as of such date.

Prior to his appointment with the Company, Dr. Beck served as President and Chief Operating Officer of Haag-Streit U.S. Holdings, a U.S. subsidiary of Switzerland-based Haag-Streit International, a global maker of ophthalmology equipment from January 2003 to September 2011. Dr. Beck joined Haag-Streit in 2003 as President and Chief Operating Officer of Haag-Streit USA Inc. Prior to working for Haag-Streit, Dr. Beck held various positions at Zurich-based ODC (Ophthalmic Development Company) including General Manager and ultimately Chief Executive Officer. Previously, he was also Chief Operating Officer of the medical division of Schlieren, Switzerland-based Volpi AG. Dr. Beck received a Ph.D. in Bio-Medical Optics from the Institute of Biomedical Engineering and Medical Informatics at the Swiss Federal Institute of Technology and a Masters degree in mechanical engineering at the Swiss Federal Institute of Technology.

There are no family relationships between Dr. Beck and any executive officers, directors, or other employees of the Company. Dr. Beck has no material interests in any transactions or proposed transactions with the Company.

Pursuant to an Employment Agreement (the “Employment Agreement”) between the Company and Dr. Beck, dated as of August 16, 2011, Dr. Beck will receive an annualized base salary of \$300,000 as well as other standard benefits of employment with the Company, and will be eligible to participate in the Company’s existing profit and executive bonus programs, which are dependent on the Company’s achievement of operating income objectives.

In addition, as a material inducement for Dr. Beck becoming an employee of the Company, the Employment Agreement provides that Dr. Beck shall be granted a stock option pursuant to the Company’s 2008 Equity Incentive Plan, which shall entitle Dr. Beck to purchase up to 135,000 shares of the Company’s common stock (the “Option”) at an exercise price equal to the fair market value of the Company’s common stock on the date of grant, and a restricted stock unit award pursuant to the Company’s 2008 Equity Incentive Plan, of 75,000 shares of the Company’s common stock (the “RSU”). The Option will vest over a four (4) year period, with 1/4th of the shares subject to the Option vesting on the first anniversary of Dr. Beck’s date of hire and 1/48th of the shares subject to the Option vesting each full month thereafter, provided that Dr. Beck continues to be a service provider to the Company on each such date. The RSU will vest as to 24,999 of the shares subject to the RSU vesting on the first anniversary of Dr. Beck’s date of hire and 16,667 of the shares subject to the RSU vesting each year thereafter, provided that Dr. Beck continues to be a service provider to the Company on each such date.

The Employment Agreement provides Dr. Beck with certain severance benefits in the event that his employment with the Company is terminated under certain circumstances described therein.

Termination within the Change of Control Context.

If in the event that: (a) within twelve months following a Change of Control (as defined in the Employment Agreement), or (b) at any time prior to a Change of Control if such termination is effected at the request of an Acquiror (as defined in the Employment Agreement), (x) Dr. Beck terminates his employment with the Company for Good Reason (as defined in the Employment Agreement), or (y) the Company terminates Dr. Beck's employment without Cause (as defined in the Employment Agreement), death or Disability (as defined in the Employment Agreement) and, in each case, Dr. Beck signs and does not revoke a standard release of claims with the Company, then Dr. Beck will receive the following severance from the Company:

(i) Cash Severance Payment. Dr. Beck would be paid a lump sum payment equal to twelve months of his base salary.

(ii) Vesting Acceleration. All of the shares underlying the then-outstanding and unvested equity awards held by Dr. Beck (including, without limitation, the Option and the RSU), if any, would immediately vest and become exercisable and any Company right of repurchase or reacquisition with respect to such shares will lapse, as applicable.

(iii) Continued Employee Benefits. Dr. Beck would receive reimbursement from the Company for a period of up to twelve months for the costs and expenses incurred by himself and/or his eligible dependents for coverage under the Company's benefit plans, provided that such coverage is timely elected under COBRA.

Termination outside the Change of Control Context.

If, prior to a Change of Control, Dr. Beck's employment with the Company terminates: (i) voluntarily by Dr. Beck for Good Reason or (ii) by the Company other than for Cause, death or Disability, and, in each case, Dr. Beck signs and does not revoke a standard release of claims with the Company, then Dr. Beck will receive the following severance from the Company:

(i) Cash Severance Payment. Dr. Beck would be paid a lump sum payment equal to (x) six months of his base salary, if such termination occurs prior to the six month anniversary of the date on which Dr. Beck's employment commences with the Company, or (y) twelve months of his base salary, if such termination occurs on or following the six month anniversary of the date on which Dr. Beck's employment commences with the Company.

(ii) Continued Employee Benefits. Dr. Beck would receive reimbursement from the Company for a period of up to twelve months for the costs and expenses incurred by himself and/or his eligible dependents for coverage under the Company's benefit plans, provided that such coverage is timely elected under COBRA.

The Employment Agreement further provides that the Company will reimburse Dr. Beck for reasonable expenses incurred in connection with his relocation to the San Francisco Bay Area in an amount of up to \$65,000, if Dr. Beck relocates within twelve months of his date of hire.

Pursuant to the terms of the Employment Agreement, during Dr. Beck's employment with the Company, he will serve as a member of the Board.

The foregoing description is qualified in its entirety by reference to the Employment Agreement, which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Appointment of Theodore A. Boutacoff as Chief Technology Officer

Pursuant to Transition Agreement and in connection with Mr. Boutacoff's appointment as Chief Technology Officer, Mr. Boutacoff will receive an annualized base salary of \$210,000 as well as other standard benefits of employment with the Company, and will be eligible to participate in the Company's existing profit and executive bonus programs, which are dependent on the Company's achievement of operating income objectives. In addition, the Transition Agreement provides that all outstanding stock option awards held by Mr. Boutacoff will be amended to extend the post-termination exercise periods of such awards to their respective expiration dates and, if Mr. Boutacoff remains employed with the Company through February 10, 2013, all of the shares underlying the then-outstanding and unvested equity awards held by Mr. Boutacoff, if any, would immediately vest.

The Transition Agreement provides Mr. Boutacoff with certain severance benefits in the event that his employment with the Company is terminated under certain circumstances described therein.

Involuntary Termination other than for Cause; Termination due to Death or Disability.

If in the event that (a) prior to February 10, 2013, (i) the Company terminates Mr. Boutacoff's employment without Mr. Boutacoff's consent and without Cause (as defined in the Transition Agreement), or (ii) Mr. Boutacoff terminates his employment with the Company for Good Reason (as defined in the Transition Agreement), and, in each case, Mr. Boutacoff signs and does not revoke a standard release of claims with the Company, or (b) Mr. Boutacoff's employment with the Company terminates due to Mr. Boutacoff's death or Mr. Boutacoff becoming Disabled (as defined in the Transition Agreement), then Mr. Boutacoff or Mr. Boutacoff estate (as the case may be) will receive the following severance from the Company:

(i) Cash Severance Payment. Mr. Boutacoff would be paid a lump sum payment equal to the base salary Mr. Boutacoff would have received had Mr. Boutacoff continued his employment with the Company through February 10, 2013.

(ii) Continued Employee Benefits. Mr. Boutacoff would receive reimbursement from the Company through February 10, 2013 for the costs and expenses incurred by himself and/or his eligible dependents for coverage under the Company's benefit plans, provided that such coverage is timely elected under COBRA.

(iii) Vesting Acceleration. All of the shares underlying the then-outstanding and unvested equity awards held by Mr. Boutacoff, if any, would immediately vest and become exercisable.

The foregoing description is qualified in its entirety by reference to the Transition Agreement, which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

A copy of the press release announcing Mr. Boutacoff's resignation and Dr. Beck's appointment as President and Chief Executive Officer is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

(e) Material Compensatory Agreements

Reference is made to descriptions of the Employment Agreement and the Transition Agreement in Item 5.02(c) above.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Employment Agreement by and between IRIDEX Corporation and Dominik Beck, dated as of August 16, 2011.
99.2	Executive Transition Agreement by and between IRIDEX Corporation and Theodore A. Boutacoff, dated October 10, 2011.
99.3	Press Release dated October 10, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IRIDEX CORPORATION

By: /s/ JAMES H. MACKANESS _____

James H. Mackaness
Chief Financial Officer

Date: October 12, 2011

EXHIBIT INDEX

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IRIDEX CORPORATION
EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”) is entered into as of August 16, 2011 by and between Iridex Corporation (the “**Company**”), and Dr. Dominik Beck (“**Executive**”).

1. Duties and Scope of Employment.

(a) Positions and Duties. Executive will serve as President and Chief Executive Officer of the Company effective as of the date on which Executive first commences fulltime employment with the Company (the “**Effective Date**”). Executive will render such business and professional services in the performance of his duties, consistent with Executive’s position within the Company, as will reasonably be assigned to him by the Company’s Board of Directors (the “**Board**”). The Board may modify Executive’s job title and duties as it deems necessary and appropriate in light of the Company’s needs and interests from time to time. The period of Executive’s employment under this Agreement, which shall commence on the Effective Date, is referred to herein as the “**Employment Term.**” Executive agrees to use his best efforts to commence employment with the Company on or prior to October 15, 2011. The parties agree that, except for the Company’s payment obligations under Section 3(g) hereof, if any, this Agreement will automatically terminate if Executive has not commenced employment with the Company on or before October 15, 2011; *provided, however*, that in the event that Executive is enjoined from commencing employment with the Company by his former employer the parties shall use their commercially reasonable efforts to agree in writing on an appropriate extension of the October 15, 2011 deadline. The parties further acknowledge and agree that notwithstanding the parties’ execution of this Agreement, Executive shall not be deemed to be an employee of the Company until and unless Executive formally commences fulltime employment with the Company.

(b) Board Membership. During the Employment Term, Executive will serve as a member of the Board, subject to any required Board and/or stockholder approval.

(c) Obligations. During the Employment Term, Executive will perform his duties faithfully and to the best of his ability and will devote his full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board, which shall not be unreasonably withheld. It shall not be considered a violation of the foregoing for Employee to serve on corporate, industry, civic, religious or charitable boards or committees, so long as such activities do not individually or in the aggregate significantly interfere with the performance of Employee’s responsibilities as an employee of the Company in accordance with this Agreement.

2. At-Will Employment. The parties agree that Executive’s employment with the Company will be “at-will” employment and may be terminated at any time with or without Cause or notice. Executive understands and agrees that neither his job performance nor promotions, commendations, bonuses or the like from the Company give rise to or in any way serve as the basis for modification,

amendment, or extension, by implication or otherwise, of his employment with the Company. However, as described in this Agreement, Executive may be entitled to severance benefits depending on the circumstances of Executive's termination of employment with the Company.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company will pay Executive an annual salary of \$300,000 as compensation for his services (the "**Base Salary**"), which will be prorated in the first and last year of employment and will be subject to review following the twelve (12) month anniversary of the Effective Date. The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholding. Notwithstanding the foregoing, Executive shall be subject to the Company's regular employee performance review and compensation adjustment process ("**Compensation Process**"), and nothing in this Agreement shall limit, restrict or preclude the Company from (i) increasing, decreasing or otherwise changing Executive's Base Salary, or the terms of payment thereof, (ii) determining the procedures and criteria for payment of incentive or variable compensation, (iii) determining the amount of incentive or variable compensation, if any, to be paid to Executive at any time, or determining that Executive is not entitled to an incentive or variable compensation payment, or (iv) discontinuing the Company's incentive or variable compensation programs, with or without substitution of a similar or dissimilar program, in each event pursuant to the Compensation Process or otherwise without Executive's consent.

(b) Bonus Plan. Executive will be eligible to earn cash bonuses through participation in the Company's Senior Staff Bonus Plan (the "**Bonus Plan**"). All cash bonuses earned by the Executive through the Bonus Plan will be paid in accordance with the Company's standard practices, but no later than two and one half (2 1/2) months after the calendar year in which such cash bonuses are earned.

(c) Stock Option. As of the Effective Date, Executive will be granted a stock option to purchase 135,000 shares of the Company's Common Stock at an exercise price equal to the fair market value of Company common stock per share on the date of grant (the "**Option**"). Subject to the accelerated vesting provisions set forth herein, the Option will vest as to 25% of the shares subject to the Option one (1) year after the Effective Date and as to 1/48th of the shares subject to the Option monthly thereafter on the same day of the month as the Effective Date (and if there is no corresponding day, the last day of the month), so that the Option will be fully vested and exercisable four (4) years from the Effective Date, subject to Executive continuing to be a Service Provider (as defined in the Company's 2008 Equity Incentive Plan (the "**Equity Plan**")) through the relevant vesting dates. The Option will be subject to the terms, definitions and provisions of the Equity Plan and the stock option agreement by and between Executive and the Company (the "**Option Agreement**"), both of which documents are incorporated herein by reference.

(d) Restricted Stock Unit Award. As of the Effective Date, Executive will be granted a restricted stock unit award for 75,000 shares of the Company's Common Stock (the "**RSU Award**"). Subject to the accelerated vesting provisions set forth herein, the RSU Award will vest annually, with 24,999 shares vesting after the first year and the remaining 50,001 shares vesting in equal annual installments of 16,667 shares each, over the remaining three (3) year period following the one year anniversary of the Effective Date (such that, subject to Executive continuing to be a Service Provider on the relevant vesting dates, all shares subject to the RSU Award shall vest over the four (4) year period following the Effective Date), subject to Executive continuing to be a

Service Provider (as defined in the Equity Plan) through the relevant vesting dates. The RSU Award will be subject to the terms, definitions and provisions of the Equity Plan and the restricted stock unit award agreement by and between Executive and the Company (the “**RSU Award Agreement**”), both of which documents are incorporated herein by reference.

(e) Equity. Executive will be eligible to receive awards of stock options, restricted stock units or other equity awards pursuant to any plans or arrangements the Company may have in effect from time to time. The Board or its compensation committee will determine in its discretion whether Executive will be granted any such equity awards and the terms of any such award in accordance with the terms of any applicable plan or arrangement that may be in effect from time to time.

(f) Relocation Benefits. It is the Company’s understanding, and a condition to Executive’s continued employment as the Company’s President and Chief Executive Officer, that Executive will relocate to the San Francisco Bay Area within twelve (12) months of the Effective Date. If Executive incurs expenses relating to such relocation to the San Francisco Bay Area during the twelve (12) month period following the execution of this Agreement, the Company will reimburse Executive for up to \$65,000 of Executive’s reasonable and properly documented relocation expenses, including, but not limited to, expenses such as monthly rent for temporary housing, travel, packing, and moving expenses, as well as reasonable costs, including, but not limited to, broker’s fees, incurred in connection with selling Executive’s residence in Ohio and buying or renting a residence in the San Francisco Bay Area, so long as Executive remains an employee of the Company on the date such expenses are reimbursed. In order to receive such reimbursement, Executive must comply with the Company’s standard expense reimbursement policies.

(g) Pre-Commencement Change of Control Fee. In the event that Executive has complied with all of Executive’s obligations hereunder (including using his best efforts to commence employment with the Company on or before October 15, 2011) and prior to the earlier to occur of (i) October 16, 2011 or (ii) the commencement of Executive’s employment with the Company, the Company enters into a definitive agreement relating to a Change of Control (as defined below) that prohibits the Company from hiring Executive, then, subject to (x) the closing of the applicable Change of Control, (y) Executive signing and not revoking a standard release of claims with the Company and its successor in a form acceptable to the Company and its successor and subject to Section 8 below and (z) Executive agreeing to terminate this Agreement, the Company shall pay Executive a one-time lump sum cash payment equal to \$500,000, less applicable withhold.

4. Employee Benefits. During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company, including, without limitation, the Company’s group medical, dental, vision, disability, life insurance, and flexible-spending account plans. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

5. Vacation. During the Employment Term, Executive will be eligible to accrue a maximum of four (4) weeks of paid vacation per year on a monthly basis from the Effective Date during the Executive's first five (5) years of employment. After five (5) years of employment, Executive's vacation accrual will increase as per the Company's vacation policy. Executive may also be eligible for holidays and sick/family care days pursuant to the Company's standard policies relating thereto, which may be modified from time to time at the Company's discretion.

6. Expenses. During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

7. Severance.

(a) Termination for other than Cause, Death or Disability or Resignation for Good Reason In Connection With a Change of Control. If, in the event that within twelve (12) months following a Change of Control, or at any time prior to a Change of Control if such termination is effected at the request of an Acquiror, (x) Executive terminates his employment with the Company (or any parent, subsidiary or successor of the Company) for Good Reason, or (y) the Company (or any parent, subsidiary or successor of the Company) terminates Executive's employment other than for Cause, death or Disability, and, in each case, Executive signs and does not revoke a standard release of claims with the Company in a form acceptable to the Company and subject to Section 8 below, then Executive will receive, in addition to Executive's salary payable through the date of termination of employment and any other employee benefits earned and owed through the date of termination, the following severance from the Company:

(i) Continuing payments of severance pay, less applicable withholding, at a rate equal to Executive's Base Salary rate, as then in effect, for twelve (12) months from the date of such termination in accordance with the Company's normal payroll policies;

(ii) Then-outstanding and unvested stock options in Company common stock held by Executive will immediately vest and become exercisable as to one hundred percent (100%) of the then-unvested shares underlying such options (the "**Option Acceleration Amount**"). Such options will remain exercisable following the termination for the period prescribed in the respective option agreement(s) of Executive, which will not extend past the term of each option, as applicable. Additionally, one hundred percent (100%) of any then-unvested restricted stock unit awards then-held by Executive will immediately vest (the "**Restricted Stock Unit Acceleration Amount**"); and

(iii) Reimbursement by the Company for the cost of premiums for Executive and Executive's covered dependents, if any, for group health insurance continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for up to twelve (12) months following Executive's termination of employment (the "**Enhanced COBRA Premium Reimbursement**"), provided that (x) Executive and Executive's covered dependents timely elect and remain eligible for continued coverage under COBRA and (y) such Enhanced COBRA Premium Reimbursement does not result in excise tax penalties for the Company under applicable laws (including, without limitation, Section 2716 of the

Public Health Service Act). Executive will be required to substantiate such COBRA costs within thirty (30) days of each such monthly premium payment, which amount shall be reimbursed within ten (10) business days after the Company's determination that such substantiation is satisfactory.

(b) Termination for other than Cause, Death or Disability or Resignation for Good Reason Apart From a Change of Control. Provided that Section 7(a) does not apply, if in the event that prior to a Change of Control (x) Executive terminates his employment with the Company (or any parent or subsidiary of the Company) for Good Reason, or (y) the Company (or any parent or subsidiary of the Company) terminates Executive's employment other than for Cause, death or Disability, and, in each case, Executive signs and does not revoke a standard release of claims with the Company in a form acceptable to the Company and subject to Section 8 below, then Executive will receive, in addition to Executive's salary payable through the date of termination of employment and any other employee benefits earned and owed through the date of termination, the following severance from the Company:

(i) Continuing payments of severance pay, less applicable withholding, at a rate equal to Executive's Base Salary rate, as then in effect, for (x) six (6) months following the date of termination if such termination occurs prior to the six (6) month anniversary of the date on which you commence employment with the Company, or (y) for twelve (12) months following the date of termination if such termination occurs on or following the six (6) month anniversary of the date on which you commence employment with the Company. Any such severance payments shall be made in accordance with the Company's normal payroll policies; and

(ii) Reimbursement by the Company for the cost of premiums for Executive and Executive's covered dependents, if any, for group health insurance continuation coverage under COBRA for up to twelve (12) months following Executive's termination of employment (the "**COBRA Premium Reimbursement**"), provided that (x) Executive and Executive's covered dependents timely elect and remain eligible for continued coverage under COBRA and (y) such COBRA Premium Reimbursement does not result in excise tax penalties for the Company under applicable laws (including, without limitation, Section 2716 of the Public Health Service Act). Executive will be required to substantiate such COBRA costs within thirty (30) days of each such monthly premium payment, which amount shall be reimbursed within ten (10) business days after the Company's determination that such substantiation is satisfactory.

8. Conditions to Receipt of Severance; No Duty to Mitigate.

(a) Separation Agreement and Release of Claims. The payment of any severance set forth in Section 7 above is contingent upon Executive signing and not revoking the Company's standard separation and release of claims agreement upon Executive's termination of employment that becomes effective no later than sixty (60) days following Executive's employment termination date (such deadline, the "**Release Deadline**"). If the release does not become effective by the Release Deadline, Executive will forfeit any rights to severance under this Agreement. In no event will severance payments be paid or provided until the release actually becomes effective. Upon the release becoming effective and irrevocable, any payments delayed from the date Executive terminates employment through the effective date of the release will be payable in a lump sum without interest as soon as administratively practicable after the Release Deadline and all other amounts will be payable in accordance with the payment schedule applicable to each payment or

benefit. In the event the termination occurs at a time during the calendar year where the release could become effective in the calendar year following the calendar year in which Executive's termination occurs, then any severance payments under this letter that would be considered Deferred Payments (as defined below) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs, or, if later, (i) the Release Deadline, (ii) such time as required by the payment schedule provided above that is applicable to each payment or benefit, or (iii) the Delayed Initial Payment Date (as defined below).

(b) Non-Solicitation. The receipt of any severance benefits pursuant to Section 7(a) or (b) will be subject to Executive not violating the provisions of Section 11. In the event Executive breaches the provisions of Section 11, all continuing payments and benefits to which Executive may otherwise be entitled pursuant to Section 7(a) or (b) will immediately cease.

(c) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits payable upon separation that is payable to Executive, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation (together, the "**Deferred Payments**") under Section 409A of the Internal Revenue Code, as amended (the "**Code**") and the final regulations and official guidance thereunder ("**Section 409A**") will be payable until Executive has a "separation from service" within the meaning of Section 409A.

(ii) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination of employment, then, if required, the Deferred Payments, which are otherwise due to Executive on or within the six (6) month period following Executive's termination will accrue, to the extent required, during such six (6) month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment or the date of Executive's death, if earlier (the "**Delayed Initial Payment Date**"). All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under the Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(iii) Any severance payment that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute Deferred Payments for purposes herein. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes herein.

(iv) For purposes of this Agreement, "**Section 409A Limit**" means the lesser of two (2) times: (x) Executive's annualized compensation based upon the annual rate of pay paid to Executive during Executive's taxable year preceding Executive's taxable year of Executive's termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (y) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

(v) The foregoing provisions are intended to comply with or be exempt from the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

(d) Confidential Information Agreement. Executive's receipt of any payments or benefits under Section 7 will be subject to Executive continuing to comply with the terms of Confidential Information Agreement (as defined in Section 10).

(e) Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 7 will be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such severance and other benefits being subject to excise tax under Section 4999 of the Code (a "**Reduced Payment**"),

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a Reduced Payment is made, (x) the severance and other benefits shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting a parachute payment, and (y) reduction in payments and/or benefits shall occur in the following order: (1) reduction of cash payments (if any); (2) cancellation of accelerated vesting of equity awards other than stock options; (3) cancellation of accelerated vesting of stock options; and (4) reduction of other benefits (if any) paid to Executive. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant. Executive shall have no right to modify or otherwise influence the reduction of payments under the Reduced Payment alternative.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 will be made in writing by the Company's independent public accountants immediately prior to Change of Control (the "**Accountants**"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations

concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Return of Company Materials. Upon separation from employment with the Company, on Company's earlier request during Executive's employment, or at any time subsequent to Executive's employment upon demand from the Company, Executive will immediately deliver, and will not keep in his possession, recreate, or deliver to anyone else, any and all Company property, all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), all tangible embodiments of the Inventions, all electronically stored information and passwords to access such property, Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any of the foregoing items.

10. Definitions.

(a) Acquiror. For purposes of this Agreement an "**Acquiror**" is either a person or a member of a group of related persons representing such group that in either case obtains effective control of the Company in the transaction or a group of related transactions constituting the Change of Control.

(b) Cause. For purposes of this Agreement, "**Cause**" means (i) an act of dishonesty made by Executive in connection with Executive's responsibilities as an employee, (ii) Executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, or a material violation of federal or state law by Executive that the Board reasonably believes has had or will have a detrimental effect on the Company's reputation or business; (iii) Executive's gross misconduct, (iv) Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of Executive's relationship with the Company; (v) Executive's willful breach of any obligations under any written agreement or covenant with the Company; (vi) Executive's continued failure to perform his employment duties after Executive has received a written demand of performance from the Company with specifically sets forth the factual basis for the Company's belief that Executive has not substantially performed his duties and has failed to cure such non-performance to the Company's satisfaction within ten (10) business days after receiving such notice; or (vii) Executive's failure to relocate to the San Francisco Bay Area within twelve (12) months of the Effective Date, unless otherwise approved by the Board.

(c) Change of Control. For purposes of this Agreement, "**Change of Control**" means a change in ownership or effective control of the Company or change in ownership of a substantial portion of the assets of the Company, in each case within the meaning of U.S. Treasury Regulation Section 1.409A-3(i)(5).

(d) Disability. "**Disability**" means that, at the time notice is given, Executive has been unable to substantially perform Executive's duties under this Agreement for not less than one-

hundred and twenty (120) work days within a 12-month consecutive period as a result of Executive's incapacity due to a physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation. Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate will automatically be deemed to have been revoked.

(e) Good Reason. For purposes of this Agreement, "**Good Reason**" means the occurrence of one or more of the following events effected without Executive's prior consent, provided Executive terminates Executive's employment with the Company within ninety (90) days following the initial existence of the "Good Reason" condition (discussed below): (i) the assignment to Executive of any duties or the reduction of Executive's duties, either of which results in a material diminution in Executive's position or responsibilities with the Company; provided that, the continuance of Executive's duties and responsibilities at the subsidiary or divisional level following a Change of Control, rather than at the parent, combined, or surviving company level following such Change of Control shall not be deemed Good Reason within the meaning of this clause (i); (ii) a reduction by the Company in the base salary of Executive by fifteen percent (15%) or more, unless similar such reductions occur concurrently with and apply to the Company's senior management; (iii) a material change in the geographic location at which Executive must perform services (for purposes of this Agreement, the relocation of Executive to a facility or a location less than twenty-five (25) miles from the location of the Company's Mountain View, CA headquarters shall not be considered a material change in geographic location and Executives relocation to the San Francisco Bay Area shall not be considered a material change in geographic location); (iv) a material reduction of facilities, perquisites or in the kind or level of employee benefits to which the Employee is entitled, unless similar such reductions occur concurrently and apply to the Company's senior management, including the Company's Chief Executive Officer and other Vice Presidents; or (v) any material breach by the Company of any material provision of this Agreement. Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

11. Confidential Information. Executive agrees to enter into the Company's standard Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") upon commencing employment hereunder.

12. Non-Solicitation. Until the date one (1) year after the termination of Executive's employment with the Company for any reason, Executive agrees not, either directly or indirectly, to solicit, induce, attempt to hire, recruit, encourage, take away, hire any employee of the Company (or any parent or subsidiary of the Company) or cause an employee to leave his employment either for Executive or for any other entity or person. Executive represents that he (i) is familiar with the foregoing covenant not to solicit, and (ii) is fully aware of his obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

13. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of Executive upon Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "**successor**" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive's right to compensation or other benefits will be null and void. It shall be considered a material breach of the Agreement if the Company fails to obtain the assumption of this Agreement by any successor to the Company.

14. Notices. All notices, requests, demands and other communications called for hereunder will be in writing and will be deemed given (i) on the date of delivery if delivered personally, (ii) one (1) day after being sent by a well established commercial overnight service, or (iii) four (4) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

Iridex Corporation
Attn: Board of Directors
1212 Terra Bella Avenue
Mountain View, California 94043

If to Executive:

at the last residential address known by the Company.

15. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

16. Arbitration.

(a) Arbitration. In consideration of the parties' agreement to enter into this Agreement and, as additional consideration, Executive's service to the Company, its promise to arbitrate all employment related disputes and Executive's receipt of the compensation, pay raises and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's service to the Company under this Agreement or otherwise or the termination of Executive's service with the Company, including any breach of this Agreement, will be subject to binding arbitration under the Arbitration Rules set forth in California Code of Civil Procedure Section 1280 through 1294.2, including Section 1283.05 (the "**Rules**") and pursuant to California law. Disputes which Executive agrees to arbitrate, and

thereby agrees to waive any right to a trial by jury, include any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the California Fair Employment and Housing Act, the California Labor Code, claims of harassment, discrimination or wrongful termination and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) Procedure. Executive agrees that any arbitration will be administered by the Judicial Arbitration and Mediation Services (“**JAMS**”) and that a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes. All arbitration proceedings shall be held in Santa Clara County, California. The arbitration proceedings will allow for discovery according to the rules set forth in the *Employment Arbitration Rules and Procedures of JAMS* (the “**JAMS Rules**”), which are available at <http://www.jamsadr.com/rules-employment-arbitration/>, or *California Code of Civil Procedure*. Executive agrees that the arbitrator will have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. Executive agrees that the arbitrator will issue a written decision on the merits. Executive also agrees that the arbitrator will have the power to award any remedies available under applicable law, including attorneys’ fees and costs to the prevailing party, but only so much as would be awarded in a court of law. Executive understands the Company will pay for any administrative or hearing fees charged by the arbitrator or JAMS except that with respect to any arbitration Executive initiates, Executive will pay the amount Executive would have otherwise been required to pay to file a claim in court. Executive agrees that the arbitrator will administer and conduct any arbitration in a manner consistent with the Rules and that to the extent that the Rules conflict with the Rules, the Rules will take precedence.

(c) Remedy. Except as provided by the Rules, arbitration will be the sole, exclusive and final remedy for any dispute between Executive and the Company. Accordingly, except as provided for by the Rules, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration.

(d) Availability of Injunctive Relief. In addition to the right under the Rules to petition the court for provisional relief, Executive agrees that any party may also petition the court for injunctive relief where either party alleges or claims a violation of this Agreement or the Confidentiality Agreement or any other agreement regarding trade secrets, confidential information, nonsolicitation or Labor Code §2870. In the event either party seeks injunctive relief, the prevailing party will be entitled to recover reasonable costs and attorneys’ fees.

(e) Administrative Relief. Executive understands that this Agreement does not prohibit Executive from pursuing an administrative claim with a local, state or federal administrative body such as the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the Department of Labor Standards Enforcement, or the workers’ compensation board. This Agreement does, however, preclude Executive from pursuing court action regarding any such claim.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences and binding effect of this Agreement and fully understands it, including that *EXECUTIVE IS WAIVING EXECUTIVE'S RIGHT TO A JURY TRIAL*. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

17. Integration. This Agreement, together with the Option Plan, Option Agreement and the Confidential Information Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. This Agreement may be modified only by agreement of the parties by a written instrument executed by the parties that is designated as an amendment to this Agreement.

18. Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, will not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

19. Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

20. Tax Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

21. Governing Law. This Agreement will be governed by the laws of the State of California without regard to California's conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Executive hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in California for any lawsuit filed against Executive by the Company.

22. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY:

IRIDEX CORPORATION

By: /s/ William M. Moore
Title: Chairman of the Board

Date: August 16, 2011

EXECUTIVE:

/s/ Dominik Beck
Dr. Dominik Beck

Date: August 29, 2011

[SIGNATURE PAGE TO DR. DOMINIK BECK'S EMPLOYMENT AGREEMENT]

EXECUTIVE TRANSITION AGREEMENT

This Executive Transition Agreement (the “**Agreement**”) is made and entered into by and between Theodore A. Boutacoff (“**Employee**”) and Iridex Corporation (the “**Company**”), effective as of October 10, 2011 (the “**Effective Date**”).

RECITALS

WHEREAS, Employee was employed as an at-will employee with the Company pursuant to an Executive Transition Agreement, dated April 28, 2005 (the “**2005 Transition Agreement**”);

WHEREAS, Employee signed an Employment, Confidential Information, Invention Assignment and Arbitration Agreement with the Company on even date herewith (the “**Confidentiality Agreement**”);

WHEREAS, Employee and the Board of Directors of the Company (the “**Board**”) have determined that it is in the best interests of the Company and its stockholders to hire a new Chief Executive Officer and for Employee to continue his employment with the Company in his current capacity until the new Chief Executive Officer has been hired, to assume the role of Chief Technology Officer reporting to the new Chief Executive Officer upon the hiring of such new Chief Executive Officer and to assist the Company with and ensure a smooth transition in connection with and following the hiring of the new Chief Executive Officer;

WHEREAS, the Board believes that it is in the best interests of the Company and its stockholders to provide Employee with an incentive to continue his employment with the Company as the Company’s Chief Technology Officer and to motivate Employee to maximize the value of the Company for the benefit of its stockholders;

WHEREAS, the Board believes that in order to ensure that the Company will have the continued dedication and objectivity of Employee, it is in the best interests of the Company and its stockholders to provide Employee with certain benefits described herein;

WHEREAS, the Parties agree that this Agreement will supersede and replace the terms of the 2005 Transition Agreement.; and

WHEREAS, the new Chief Executive Officer will commence his employment on October 10, 2011 (the “**Transition Commencement Date**”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

AGREEMENT

1. Transition to Chief Technology Officer; Resignation as Chief Executive Officer.

(a) Transition. Effective on the Transition Commencement Date, Employee hereby resigns as Chief Executive Officer and as a member of the Board and accepts employment as the Company’s Chief Technology Officer reporting to the Company’s Chief Executive Officer.

(b) Transition Duties, Salary and Benefits. Following the Transition Commencement Date, Employee shall serve as the Company's Chief Technology Officer and shall report to the Company's Chief Executive Officer. Upon Employee's commencement of his role as the Company's Chief Technology Officer Employee will receive the following compensation and benefits:

(i) Base Salary. The Company will pay Employee an annual base salary of \$210,000 as compensation for his services (the "**Base Salary**"). The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholding.

(ii) Bonus. Employee will continue to be eligible to receive bonus compensation through participation in the Company's Senior Staff Bonus Plan (the "**Bonus Plan**") equal to that for which he is currently eligible, on an annualized basis, through the Transition Commencement Date. Following the Transition Commencement Date and provided that Employee continues his employment with the Company through the end of the Company's 2012 fiscal year, notwithstanding anything to the contrary contained in the Bonus Plan, Employee will be eligible to earn cash bonuses through participation in the Bonus Plan in the same manner as other executives reporting to the Company's Chief Executive Officer; provided, however that notwithstanding any terms in the Bonus Plan to the contrary, Employee need not be an employee of the Company on the date such cash bonus is paid so long as he remained an employee of the Company through the end of the Company's 2012 fiscal year. All cash bonuses earned by Employee through the Bonus Plan will be paid in accordance with the Company's standard practices, but no later than two and one half (2 1/2) months after the calendar year in which such cash bonuses are earned, regardless as to whether Employee's employment with the Company terminates (for any reason) following the end of the Company's 2012 fiscal year.

(c) Amendment of Outstanding Options. Each of the options to purchase shares of Common Stock of the Company (each, an "**Option**") currently held by Employee and listed on Exhibit A hereto shall be amended as of, and effective upon, the Effective Date to provide that the post-termination exercise period for each such Option currently held by Employee and listed on Exhibit A hereto shall be extended to the maximum extent possible under the terms and the applicable stock option plan under which such Option was granted to allow Employee to exercise each such Option until the expiration date of such Option listed on Exhibit A hereto.

(d) Acceleration of Vesting of Outstanding Options. Provided that Employee continues his employment with the Company through the end of the Severance Payment Period (as defined below), 100% of the unvested shares subject to all of Employee's Options outstanding as of the end of the Severance Payment Period, whether granted on, before or after the date of this Agreement, and 100% of any of Employee's shares of Company common stock subject to a Company repurchase right upon Employee's termination of employment for any reason (the "Restricted Stock") whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such date. To the extent not expressly amended hereby, the terms and provisions otherwise applicable to such Options and Restricted Stock shall remain in full force and effect.

(e) Vacation. Employee will be eligible to accrue vacation on the terms specified in the Company's vacation policy. Employee may also be eligible for holidays and sick/family care days pursuant to the Company's standard policies relating thereto, which may be modified from time to time at the Company's discretion.

(f) Expenses. The Company will reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in the furtherance of or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

(g) Employee Benefits. During Employee's employment with the Company, Employee will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company, including, without limitation, the Company's group medical, dental, vision, disability, life insurance, and flexible-spending account plans. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

2. At-Will Employment. The Company and Employee acknowledge that Employee's employment is and continues to be "at-will." Employee further understands and acknowledges that any representation to the contrary is unauthorized and not valid unless in writing and signed by the CEO of the Company. Accordingly, Employee acknowledges that he may be terminated at any time, with or without Cause or for any or no Cause, at Employee's option or at the option of the Company, with or without notice. Employee understands and agrees that neither his job performance nor promotions, commendations, bonuses or the like from the Company can give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of the at-will nature of his employment with the Company. As described in this Agreement, however, Employee may be entitled to severance benefits or notice depending upon the circumstances of Employee's termination of employment with the Company. Employee agrees to devote no less than 75% of his business time and attention (although Employee shall not be obligated to work more than 30 hours per week) to his role and responsibilities as Chief Technology Officer, unless otherwise mutually agreed by the Company and Employee.

3. Severance Benefits.

(a) Involuntary Termination other than for Cause. In the event that prior to the sixteen month anniversary of the Transition Commencement Date (a) the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) without Employee's consent and for a reason other than for Cause or (b) Employee terminates his employment with the Company for Good Reason and, in either such case, subject to the Employee's (or Employee's estate, as applicable) execution and delivery of a general release of claims in substantially the form attached hereto as Exhibit B (the "**Release Agreement**") and such Release Agreement becomes effective and irrevocable within sixty (60) days following such termination, then promptly following such termination of employment, or, if later, the effective date of the Release Agreement or (ii) the Delayed Initial Payment Date (as defined below), as applicable, Employee (or Employee's estate, as applicable) will receive the following benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance Payment. Employee will be paid continuing payments of severance pay (the "**Cash Severance Payment**") in an aggregate amount equal to the amount of base salary Employee would have been paid at Employee's base salary rate, as then in effect, had Employee continued his employment with the Company through the Severance Payment Period and such aggregate amount will be paid ratably on a periodic basis through March 15 of the calendar year following the year of employment termination in accordance with the Company's normal payroll policies; provided, however, that if during the Severance Payment Period Employee engages in Competition, breaches the terms of the Release Agreement or breaches the covenants in Section 6, all severance payments being made to Employee by the Company pursuant to this subsection will immediately cease and Employee shall not be entitled to any additional severance payments hereunder; and provided, further, that in the event that there is a Change of Control during the Severance Payment Period and the Company has not ceased making severance payments to

Employee pursuant to the preceding clause, Employee will be paid a lump sum one-time cash payment immediately prior to such Change of Control equal to any amount of the Cash Severance Payment not yet paid to Employee in accordance with the Company's normal payroll policies, but that would otherwise be due through the end of the Severance Payment Period.

(iii) Continued Employee Benefits. Employee will receive Company-paid coverage during the Severance Payment Period for Employee and Employee's eligible dependents under the Company's Benefit Plans; provided, however, that if during the Severance Payment Period Employee engages in Competition, breaches the terms of the Release Agreement or breaches the covenants in Section 6, all Company-paid coverage pursuant to this subsection will immediately cease. In the event of a Change of Control, Employee will receive a lump sum payment equivalent to the cost of COBRA coverage for Employee and Employee's eligible dependents for the remainder of the Severance Payment Period.

(iv) Acceleration of Options. 100% of the unvested shares subject to all of Employee's Options outstanding on the date of such termination, whether granted on, before or after the date of this Agreement, and 100% of any of Employee's Restricted Stock, whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such termination. To the extent not expressly amended hereby, the terms and the terms and provisions otherwise applicable to such Options and Restricted Stock shall remain in full force and effect.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")).

(b) Other Terminations. If at any time Employee voluntarily terminates Employee's employment with the Company or any parent or subsidiary of the Company (other than for Good Reason) or if the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) for Cause, then Employee will (i) receive his earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with established Company plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits (including, without limitation, accelerated vesting of Options or Restricted Stock) from the Company except to the extent provided under the applicable stock option agreement(s) or as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(c) Termination due to Death or Disability. For the avoidance of doubt, if Employee's employment with the Company (or any parent or subsidiary of the Company) is terminated due to Employee's death or Employee's becoming Disabled, then Employee or Employee's estate (as the case may be) will receive the severance benefits provided for in Section 3(a) above, and will not be entitled to any other compensation or benefits from the Company except to the extent required by law.

(d) Exclusive Remedy. In the event of a termination of Employee's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Employee or the Company may otherwise be entitled (including any contrary provisions in any written formal employment agreement or offer letter between the Company and Employee (any such agreements, an "**Employment Agreement**")), whether at law, tort or contract, in equity, or under this Agreement. Employee will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Section 3.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Employee (i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then the severance and other benefits provided for in this Agreement or otherwise payable to Employee will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting “parachute payments” is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Employee’s equity awards. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 4 will be made in writing by the Company’s independent public accountants (the “**Accountants**”), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 4. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. “**Benefit Plans**” means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Employee’s termination of employment provide Employee and/or Employee’s eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Employee and Employee’s eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Employee and Employee’s eligible dependents immediately prior to Employee’s termination of employment. Notwithstanding any contrary provision of this Section 5(a), but subject to the immediately preceding sentence, the Company may, at its option, satisfy any requirement that the Company provide coverage under any Benefit Plan by (i) reimbursing Employee’s premiums under COBRA after Employee has properly elected continuation coverage under COBRA (in which case Employee will be solely responsible for electing such coverage for Employee and Employee’s eligible dependents), or (ii) instead providing coverage under a separate plan or plans providing coverage that is no less favorable or by paying Employee a lump sum payment sufficient to provide Employee and Employee’s eligible dependents with equivalent coverage under a third party plan that is reasonably available to Employee and Employee’s eligible dependents.

(b) **Cause**. “**Cause**” shall mean (i) any act of personal dishonesty taken by Employee against the Company, which is intended to result in substantial personal enrichment of Employee; (ii) Employee’s conviction of or plea of nolo contendere to a felony or a material violation of federal or state law by Employee that the Board reasonably believes has had or will have a detrimental effect on the Company’s reputation or business, (iii) an intentional and reckless act by Employee that constitutes misconduct and is injurious to the Company, or (iv) willful misconduct or gross neglect of Employee’s duties. The Company must provide Employee with at least thirty (30) days advance written notice of Employee’s misconduct or neglect under subsections (i), (iii) or (iv) (the “**Cure Period**”) if such conduct is reasonably capable of being cured. If Employee does not cure the misconduct or neglect to the reasonable satisfaction of the Company by the expiration of the Cure Period and/or if the misconduct or neglect is not capable of being cured, Employee’s employment may then be terminated by the Board at its sole discretion. Notice of termination shall be given in accordance with Section 9(b).

(c) **Change of Control**. “**Change of Control**” shall mean the occurrence of any of the following events:

(i) the approval by the stockholders of the Company of a merger or consolidation of the Company with any other corporation or entity; provided, however, any merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation shall not be deemed a Change of Control;

(ii) the approval by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becoming the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company’s then outstanding voting securities; or

(iv) a change in the composition of the Board occurring within a 12-month period, as a result of which fewer than a majority of the directors are Incumbent Directors. “**Incumbent Directors**” shall mean directors who either (A) are directors of the Company as of the date immediately prior to the Change of Control, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transactions described in subsections (i), (ii), or (iii) or in connection with an actual or threatened proxy contest relating to the election of directors of the Company.

(d) **Competition**. “**Competition**” will mean Employee’s direct or indirect engagement in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), or ownership interest in or participation in the financing, operation, management or control of, any person, firm, corporation or business that competes with Company; provided, however, that Employee may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended.

(e) Disability. **“Disability”** will mean that Employee has been unable to perform the principal functions of Employee’s duties due to a physical or mental impairment, but only if such inability has lasted or is reasonably expected to last for at least six months. Whether Employee has a Disability will be determined by the Board based on evidence provided by one or more physicians selected by the Board.

(f) Good Reason. **“Good Reason”** shall mean Employee’s resignation within ninety (90) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Employee’s express written consent:

(i) employee is (i) assigned a position other than as Chief Technology Officer reporting to the Chief Executive Officer, (ii) is assigned duties that are materially inconsistent with acting as a Chief Technology Officer reporting to the Chief Executive Officer, or (iii) is assigned no duties in his role as Chief Technology Officer reporting to the Chief Executive Officer; or

(ii) a material reduction, of the facilities and perquisites available to Employee immediately prior to such reduction; provided, however, Employee will be deemed not to have terminated his employment with the Company for Good Reason in the event that (a) similar such reductions occur concurrently with and apply to the Company’s senior management, including the Company’s Chief Executive Officer and Vice Presidents or (b) Employee’s office space and location is reasonably comparable to that of officers of the Company reporting directly to the Company’s Chief Executive Officer; or

(iii) a material reduction of Employee’s base annual salary; provided, however, Employee will be deemed not to have terminated his employment with the Company for Good Reason in the event similar such reductions occur concurrently and apply to the Company’s senior management, including the Company’s Chief Executive Officer and Vice Presidents; or

(iv) a material reduction by the Company in the kind or level of employee benefits to which Employee is entitled immediately prior to such reduction with the result that Employee’s overall benefits package is significantly reduced; provided, however, Employee will be deemed not to have terminated his employment with the Company for Good Reason in the event similar such reductions occur concurrently and apply to the Company’s senior management, including the Company’s Chief Executive Officer and Vice Presidents; or

(v) the relocation of Employee to a facility or a location more than twenty-five (25) miles from his current location; provided, however, Employee will be deemed not to have terminated his employment with the Company for Good Reason in the event similar such relocation occurs concurrently with and applies to the Company’s senior management, including the Company’s Chief Executive Officer and Vice Presidents; or

(vi) any purported involuntary termination of Employee by the Company which is not effected for Cause.

Employee will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a cure period of thirty (30) days following the date of such notice and such grounds for “Good Reason” have not been cured during such period.

(g) Severance Payment Period. **“Severance Payment Period”** shall mean the sixteen month period starting on the Transition Commencement Date.

6. Non-Solicitation. During the Severance Payment Period, Employee, directly or indirectly, whether as employee, owner, sole proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, will not: (i) solicit, induce or influence any person to leave employment with the Company; or (ii) directly or indirectly solicit business from any of the Company's customers and users on behalf of any business that directly competes with the principal business of the Company.

7. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "**Company**" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. The terms of this Agreement and all rights of Employee hereunder will inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Return of Company Materials. Upon separation from employment with the Company, on Company's earlier request during Employee's employment, or at any time subsequent to Employee's employment upon demand from the Company, Employee will immediately deliver, and will not keep in his possession, recreate, or deliver to anyone else, any and all Company property, all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), all tangible embodiments of the Inventions (as defined in the Confidentiality Agreement), all electronically stored information and passwords to access such property, Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any of the foregoing items.

9. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid on the third day after mailing. In the case of Employee, mailed notices will be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Employee for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 9(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his rights hereunder.

10. Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Employee, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final regulations and any guidance promulgated thereunder ("**Section 409A**") (together, the "**Deferred Payments**") will be paid or otherwise provided until Employee has a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Employee, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Employee has a "separation from service" within the meaning of Section 409A.

(b) Notwithstanding anything to the contrary in this Agreement, if Employee is a "specified employee" within the meaning of Section 409A at the time of Employee's termination (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Employee's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Employee's separation from service (such date, the "**Delayed Initial Payment Date**"). All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following Employee's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(c) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of Section 10(b) above.

(d) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of Section 10(b) above. For purposes of this section, "**Section 409A Limit**" means two (2) times the lesser of: (i) Employee's annualized compensation based upon the annual rate of pay paid to Employee during Employee's taxable year preceding the Employee's taxable year of his or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which Employee's separation from service occurred.

(e) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Employee agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A.

11. Miscellaneous Provisions.

(a) Term of Agreement. This Agreement will terminate upon expiration of the Severance Payment Period; provided, however, that Sections 4, 5, 7, 8, 9, 10, and 11 of this Agreement shall survive any termination of this Agreement.

(b) No Duty to Mitigate. Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Employee may receive from any other source.

(c) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Entire Agreement. This Agreement and the Confidentiality Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the Parties with respect to the subject matter hereof, including (without limitation) the 2005 Transition Agreement, and any other employment agreements. No future agreements between the Company and Employee may supersede this Agreement, unless they are in writing and specifically mentioned in this Section 10(e).

(f) Choice of Law. The laws of the State of California (without reference to its choice of laws provisions) will govern the validity, interpretation, construction and performance of this Agreement.

(g) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(h) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

(j) Arbitration and Equitable Relief.

(i) Arbitration. IN CONSIDERATION OF EMPLOYEE'S EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES, AND EMPLOYEE'S RECEIPT OF THE COMPENSATION, PAY RAISES, AND OTHER BENEFITS PAID TO HIM BY THE COMPANY, AT PRESENT AND IN THE FUTURE, EMPLOYEE AGREES THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER, OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), ARISING OUT OF, RELATING TO, OR RESULTING FROM HIS EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF HIS EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION UNDER THE ARBITRATION RULES SET

FORTH IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1280 THROUGH 1294.2, INCLUDING SECTION 1281.8 (THE "ACT"), AND PURSUANT TO CALIFORNIA LAW. THE FEDERAL ARBITRATION ACT SHALL CONTINUE TO APPLY WITH FULL FORCE AND EFFECT NOTWITHSTANDING THE APPLICATION OF PROCEDURAL RULES SET FORTH IN THE ACT. **DISPUTES THAT EMPLOYEE AGREES TO ARBITRATE, AND THEREBY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY, INCLUDE ANY STATUTORY CLAIMS UNDER LOCAL, STATE, OR FEDERAL LAW, INCLUDING, BUT NOT LIMITED TO, CLAIMS UNDER TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE OLDER WORKERS BENEFIT PROTECTION ACT, THE SARBANES-OXLEY ACT, THE WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, THE FAMILY AND MEDICAL LEAVE ACT, THE CALIFORNIA FAMILY RIGHTS ACT, THE CALIFORNIA LABOR CODE, CLAIMS OF HARASSMENT, DISCRIMINATION, AND WRONGFUL TERMINATION, AND ANY STATUTORY OR COMMON LAW CLAIMS.** NOTWITHSTANDING THE FOREGOING, EMPLOYEE UNDERSTANDS THAT NOTHING IN THIS AGREEMENT CONSTITUTES A WAIVER OF HIS RIGHTS UNDER SECTION 7 OF THE NATIONAL LABOR RELATIONS ACT. EMPLOYEE FURTHER UNDERSTANDS THAT THIS AGREEMENT TO ARBITRATE ALSO APPLIES TO ANY DISPUTES THAT THE COMPANY MAY HAVE WITH EMPLOYEE.

(ii) Procedure. EMPLOYEE AGREES THAT ANY ARBITRATION WILL BE ADMINISTERED BY JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES (THE "JAMS RULES") WHICH ARE AVAILABLE AT [HTTP://WWW.JAMSADR.COM/RULES-EMPLOYMENT-ARBITRATION/](http://www.jamsadr.com/rules-employment-arbitration/), A COPY OF WHICH IS AVAILABLE FROM HUMAN RESOURCES. EMPLOYEE AGREES THAT THE ARBITRATOR SHALL HAVE THE POWER TO DECIDE ANY MOTIONS BROUGHT BY ANY PARTY TO THE ARBITRATION, INCLUDING MOTIONS FOR SUMMARY JUDGMENT AND/OR ADJUDICATION, AND MOTIONS TO DISMISS AND DEMURRERS, PRIOR TO ANY ARBITRATION HEARING. EMPLOYEE AGREES THAT THE ARBITRATOR SHALL ISSUE A WRITTEN DECISION ON THE MERITS. EMPLOYEE ALSO AGREES THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES AVAILABLE UNDER APPLICABLE LAW, AND THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY WHERE PROVIDED BY APPLICABLE LAW. EMPLOYEE AGREES THAT THE DECREE OR AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED AS A FINAL AND BINDING JUDGMENT IN ANY COURT HAVING JURISDICTION THEREOF. EMPLOYEE UNDERSTANDS THAT THE COMPANY WILL PAY FOR ANY ADMINISTRATIVE OR HEARING FEES CHARGED BY THE ARBITRATOR OR JAMS EXCEPT THAT HE SHALL PAY ANY FILING FEES ASSOCIATED WITH ANY ARBITRATION THAT HE INITIATES, BUT ONLY SO MUCH OF THE FILING FEES AS HE WOULD HAVE INSTEAD PAID HAD HE FILED A COMPLAINT IN A COURT OF LAW. EMPLOYEE AGREES THAT THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE AND THE CALIFORNIA EVIDENCE CODE, AND THAT THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO RULES OF CONFLICT OF LAW. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. EMPLOYEE AGREES THAT ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE CONDUCTED IN SANTA CLARA COUNTY, CALIFORNIA.

(iii) Remedy. EXCEPT AS PROVIDED BY THE ACT AND THIS AGREEMENT, ARBITRATION SHALL BE THE SOLE, EXCLUSIVE, AND FINAL REMEDY FOR ANY DISPUTE BETWEEN EMPLOYEE AND THE COMPANY. ACCORDINGLY, EXCEPT AS PROVIDED FOR BY

THE ACT AND THIS AGREEMENT, NEITHER EMPLOYEE NOR THE COMPANY WILL BE PERMITTED TO PURSUE COURT ACTION REGARDING CLAIMS THAT ARE SUBJECT TO ARBITRATION.

(iv) Administrative Relief. EMPLOYEE UNDERSTANDS THAT THIS AGREEMENT DOES NOT PROHIBIT HIM FROM PURSUING AN ADMINISTRATIVE CLAIM WITH A LOCAL, STATE, OR FEDERAL ADMINISTRATIVE BODY OR GOVERNMENT AGENCY THAT IS AUTHORIZED TO ENFORCE OR ADMINISTER LAWS RELATED TO EMPLOYMENT, INCLUDING, BUT NOT LIMITED TO, THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING, THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION, THE NATIONAL LABOR RELATIONS BOARD, THE WORKERS' COMPENSATION BOARD, OR THE DEPARTMENT OF LABOR STANDARDS ENFORCEMENT TO THE EXTENT REQUIRED BY LAW. THIS AGREEMENT DOES, HOWEVER, PRECLUDE EMPLOYEE FROM PURSUING COURT ACTION REGARDING ANY SUCH CLAIM, EXCEPT AS PERMITTED BY LAW.

(v) Voluntary Nature of Agreement. EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE IS EXECUTING THIS AGREEMENT VOLUNTARILY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE BY THE COMPANY OR ANYONE ELSE. EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS RECEIVED A COPY OF THE TEXT OF CALIFORNIA LABOR CODE SECTION 2870. HE FURTHER ACKNOWLEDGES AND AGREES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND HAS ASKED ANY QUESTIONS NEEDED FOR HIM TO UNDERSTAND THE TERMS, CONSEQUENCES, AND BINDING EFFECT OF THIS AGREEMENT AND FULLY UNDERSTANDS IT, INCLUDING THAT **HE IS WAIVING HIS RIGHT TO A JURY TRIAL**. FINALLY, HE AGREES THAT HE HAS BEEN PROVIDED AN OPPORTUNITY TO SEEK THE ADVICE OF AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

IRIDEX CORPORATION

By: /s/ James H. Mackaness

Title: Chief Financial Officer

EMPLOYEE

THEODORE A. BOUTACOFF

By: /s/ Theodore A. Boutacoff

Title: _____

Exhibit A

Amended Options

<u>Grant Date</u>	<u>Shares</u>	<u>Exercise Price</u>	<u>Expiration Date</u>
11/11/2003	41,448	\$5.39	11/11/2013
11/11/2003	18,552	\$5.39	11/11/2013
4/28/2005	43,314	\$5.56	4/28/2015
4/28/2005	31,686	\$5.56	4/28/2015
12/11/2008	25,000	\$0.90	12/11/2015
4/29/2010	20,000	\$4.31	4/29/2017
4/29/2010	10,000	\$4.31	4/29/2017

Exhibit B

Release Agreement

Press Release**IRIDEX Names Veteran Healthcare Executive Dominik Beck President, CEO****Theodore A. Boutacoff Named CTO to Lead Effort to Commercialize Innovative MicroPulse Technology**

MOUNTAIN VIEW, Calif., Oct. 10, 2011 /PRNewswire via COMTEX/ — IRIDEX Corporation (Nasdaq: IRIX) (the “Company”) today announced that Dominik Beck has been named President and Chief Executive Officer effective today. Dr. Beck replaces Theodore A. Boutacoff, a co-founder of IRIDEX who will become Chief Technology Officer, and will also replace Mr. Boutacoff on the IRIDEX Board of Directors.

Dr. Beck, 47, has spent the majority of his career in leadership and management roles at innovative and growing global healthcare companies focused on eye care and ophthalmic devices. Most recently, Dr. Beck was President and Chief Operating Officer of Haag-Streit U.S. Holdings, a U.S. subsidiary of Switzerland-based Haag-Streit International, a global maker of diagnostic equipment in eye care.

Dr. Beck joined Haag-Streit in 2003 as President and Chief Operating Officer of Haag-Streit USA Inc. Under his leadership, the company delivered a continuous stream of innovation, expanded into new clinical applications and substantially broadened national distribution to achieve an annual double-digit revenue growth rate since 2003.

“Dominik has demonstrated that he has the commercial vision and business acumen to accelerate IRIDEX along its strategic path of growth and profitability,” said Chairman William M. Moore. “He has exceptional leadership skills and a breadth of background in our business segment, both nationally and internationally, that will allow him to contribute immediately to our organization and accelerate our synergistic strategy of diagnostic and therapeutic platforms. Under Dominik’s leadership, we believe we are well positioned to execute commercially and to meet a growing number of strategic and clinical milestones.”

Moore added that Mr. Boutacoff’s appointment to Chief Technology Officer was part of the Board of Directors’ long term strategy for transitioning the leadership of IRIDEX and that the Board wished to express its gratitude to Mr. Boutacoff for his tenure as Chief Executive Officer. Mr. Boutacoff, who was originally CEO from 1989 to 2005, was asked by the Board to return to the Chief Executive Officer position in 2007 to manage a successful turnaround effort. As Chief Technology Officer, he will manage R&D and will be focused on the commercial development of the Company’s innovative MicroPulse technology, a laser delivery modality that promises to be more effective for ocular treatments with fewer collateral effects than conventional laser treatments and potentially greater durability than competing drug therapies.

Dr. Beck noted that it is an ideal time to take on the leadership role at IRIDEX and that the Company is poised to progress to the next level by driving innovation aimed at diagnosing and treating patients with diabetic- and age-related eye diseases.

“The Company today is on solid financial footing following a successful turnaround,” Dr. Beck said. “We have a number of innovative new products moving toward the marketplace. My focus is to make IRIDEX a leading provider of products for the treatment of glaucoma and retinal diseases, such as proliferative diabetic retinopathy, diabetic macular edema and age-related macular degeneration. The combination of diagnostic technologies with our tissue-sparing MicroPulse technology has the potential to shift the paradigm for retinal and other ophthalmic surgeries and transform today’s invasive procedures to fully non-invasive procedures. Our goal is to create a better and more efficient experience for physicians, enhancing long-term visual outcomes and increasing quality of life for patients, which should result in substantial growth in the business and shareholder value.”

Prior to working for Haag-Streit, Dr. Beck was CEO of the Zurich-based ODC (Ophthalmic Development Company). Previously, he was also COO of the medical division of Schlieren, Switzerland-based Volpi AG.

Dr. Beck has a PhD in Bio-Medical Optics from the Institute of Biomedical Engineering and Medical Informatics at the Swiss Federal Institute of Technology. He also earned a masters degree in mechanical engineering at the Swiss Federal Institute of Technology.

About IRIDEX

IRIDEX Corporation was founded in 1989 and is a worldwide leader in developing, manufacturing, and marketing innovative and versatile laser-based medical systems and delivery devices. We provide solutions for multiple specialties, including ophthalmology, dermatology and otolaryngology. We maintain a deep commitment to the success of our customers, with comprehensive technical, clinical, and service support programs. IRIDEX is dedicated to a standard of excellence, offering superior technology for superior results. IRIDEX products are sold in the United States through a direct sales force and internationally through a combination of a direct sales force and a network of approximately 100 independent distributors into 107 countries. For further information, visit the Company’s website at <http://www.igidex.com/>.

Safe Harbor Statement

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, relating to the Company’s strategic plans, Dr. Beck’s expected contributions to IRIDEX at an organizational level and with respect to its ability to achieve strategic and clinical milestones, the effectiveness of the Company’s MicroPulse technology, its pipeline and its goals with respect to doctors, patients and shareholders. These statements are not guarantees of future performance and actual results may differ materially from those described in these forward-looking statements as a result of a number of factors. Please see a detailed description of certain other risks relating to our business contained in our Annual Report on Form 10-K for the fiscal year ended January 1, 2011, which was filed with the Securities and Exchange Commission on March 25, 2011. Forward-looking statements contained in this announcement are made as of this date and will not be updated.