BROOKS AUTOMATION INC
Form 10-K/A
January 28, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Form 10-K/ A

Amendment No. 1 to Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For fiscal year ended September 30, 2003

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934 (NO FEE REQUIRED)**

For the transition period from to .

Commission file number: 0-25434

Brooks Automation, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-3040660**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
15 Elizabeth Drive **Chelmsford, Massachusetts**	**01824**
(Address of Principal Executive Offices)	*(Zip Code)*

978-262-2400

(Registrant s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.01 par value

Rights to Purchase Common Stock

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

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

The aggregate market value of the registrant s Common Stock, $0.01 par value, held by nonaffiliates of the registrant as of March 31, 2003, was $338,460,666.01 based on the closing price per share of $9.67 on that date on the Nasdaq Stock Market. As of January 26, 2004, 44,232,623 shares of the registrant s Common Stock, $0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

EXPLANATORY NOTE

Brooks Automation, Inc. (Brooks or the Company) is filing this Amendment No. 1 on Form 10-K/ A (this Amendment) to amend the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2003, as filed with the Securities and Exchange Commission on December 2, 2003 (the Company s Form 10-K). The purpose of this Amendment is to provide the information in Items 10, 11, 12, 13 and 14 of Part III of the Company s Form 10-K that was to be incorporated by reference from the Company s proxy statement for its 2004 Annual Meeting of Stockholders which had been expected to be filed within 120 days after fiscal year end. The annual meeting is now expected to be held in April 2004. The complete text of Items 10, 11, 12, 13 and 14 of Part III is set forth below. In addition, the Company is amending and restating Item 15 of Part IV of the Company s Form 10-K in its entirety in order to include new exhibits 31.01 and 31.02.

PART III

Item 10. Directors And Executive Officers Of The Registrant

The following table sets forth certain information with respect to the directors and executive officers of the Company. When used below, positions held with the Company include positions held with the Company s predecessors and subsidiaries.

Name	Age	Position	Director Since
Robert J. Therrien	68	Director, Chairman and Chief Executive Officer	1989
Roger D. Emerick (2) (3)	63	Director	1993
Amin J. Khoury (1) (2)	63	Director	1994
Joseph R. Martin (1) (3)	55	Director	2001
Edward C. Grady	54	Director, President and Chief Operating Officer	2003
A. Clinton Allen (2)(3)(4)	59	Director	2003
John H. McGillicuddy (1)(3)(4)	60	Director	2003

(1) Member of the Company s Audit Committee.
(2) Member of the Company s Compensation Committee.
(3) Member of the Company s Nominating and Governance Committee.
(4) The committee memberships noted above for each of Messrs. Allen and McGillicuddy were effective as of December 2003.

Mr. Robert J. Therrien has been the Chief Executive Officer and a director of the Company since its incorporation in 1989 when he initiated the acquisition of the Brooks Automation Division of Aeronca Electronics, Inc. He also served as President of the Company from 1989 until February 2003. From 1983 to 1989, Mr. Therrien served as a consultant to the Company and other firms in the semiconductor industry. Mr. Therrien co-founded and served as Chairman and President of Accutest Corporation, a semiconductor automatic test equipment company, from 1972 until its sale to Schlumberger Industries in 1983. Mr. Therrien is currently a director of Accent Optical Technologies, Inc., a supplier of optoelectronics and silicon process control systems.

Mr. Roger D. Emerick has been a director of the Company since October 1993. Mr. Emerick served as a director of Lam Research Corporation (Lam), a semiconductor equipment supplier, from 1982 until January 2001. He served as Chairman of the Board of Directors of Lam from 1984 to 1997, Chief Executive Officer from 1982 to August 1997, and as President from 1982 to 1989. Mr. Emerick is also a director of Electroglas, Inc., a manufacturer of automatic wafer probing equipment.

Mr. Amin J. Khoury has been a director of the Company since July 1994. Since 1987, Mr. Khoury has served as Chairman of the Board of B/ E Aerospace, Inc., a designer, manufacturer and marketer of airline interior furnishings. Mr. Khoury is also Chairman of the Board of Applied Extrusion Technologies, Inc., a manufacturer of oriented polypropylene films and extruded polymer nets. In addition, Mr. Khoury is a member of the Board of Directors of Synthes-Stratec Inc., an orthopedic trauma company.

Mr. Joseph R. Martin has been a director of the Company since June 2001. In addition to serving as a director of the Company, Mr. Martin is also Vice Chairman of the Board of Directors, and Senior Executive Vice President of Fairchild Semiconductor Corporation, a global supplier of power semiconductors, since 1997. In 1997, Mr. Martin was one of the two executives that led the spinout of Fairchild Semiconductor from National Semiconductor Corp, and served as Fairchild s Executive Vice President and Chief Financial Officer of Fairchild from 1997 to 2003. Prior to the Fairchild spinout, Mr. Martin was the Vice President of Finance, Worldwide Operations, for National Semiconductor, from 1989 to 1997, with responsibilities for all operating divisions, manufacturing sites, and corporate financial planning. Previously, Mr. Martin was Senior Vice President and Chief Financial Officer and co-founder of VTC Incorporated from 1984 to 1989. Mr. Martin was also with Fairchild Semiconductor from 1979 to 1984, where he held numerous financial positions. Mr. Martin was a member of the board of directors of ChipPAC, Incorporated, a contract semiconductor assembly and test company from 1999 to 2001, and has been a board member of SynQor, Incorporated, a manufacturer of power solutions, since 2002.

Mr. Edward C. Grady has been President and Chief Operating Officer of the Company since February 2003 and a director since September 2003. From October 2001 until February 2003, Mr. Grady served as a consultant to Brooks. From September 2000 until January 2003 Mr. Grady was a principal in the firm of Propel Partners LLC, an investment firm headquartered in Palo Alto, California. From May 1999 until July 2000 Mr. Grady served as Executive Vice President of the Wafer Inspection Group of KLA-Tencor Corp. From 1995 until 1999, Mr. Grady served in various other capacities at KLA-Tencor, including Executive Vice President of Precision Measurement and Vice President and General Manager of the RAPID Division. From November 1987 until December 1994, Mr. Grady served as President and Chief Executive Officer of Hoya MicroMask. During his 30 years in the semiconductor industry, Mr. Grady has held positions with responsibility for engineering, sales, product marketing, strategic marketing and management of profit and loss operations.

Mr. A. Clinton Allen has been a director of the Company since October 2003. In addition to serving as a director of the Company, Mr. Allen is Chairman and Chief Executive Officer of A.C. Allen & Company, an investment banking consulting firm. From 1989 to 2002, Mr. Allen served as Vice Chairman of the Board of Psychemedics Corporation, Inc., a biotechnology company with a proprietary drug testing product, and as Chairman of the Board of Psychemedics from 2002 to 2003. Mr. Allen was Vice Chairman and a director of the DeWolfe Companies, a real estate firm, until it was acquired by Cendant Corporation in September 2002. Additionally, he was a director and member of the executive committee of Swiss Army Brands, maker of Swiss army knives, until it was acquired by Victorinox Corporation in August 2002. Mr. Allen is currently a non-executive chairman and a director of Collectors Universe, a provider of value added services to dealers and collectors. He serves as Lead Director of Steinway Musical Instrument Company, a manufacturer of musical instruments, as a director of LKQ Corporation, a supplier of recycled OEM automobile parts and Integrated Alarm Systems Group, Inc., a provider of wholesale alarm monitoring services.

Mr. John H. McGillicuddy has been a director of the Company since October 2003. Mr. McGillicuddy was a partner with the international accounting firm of KPMG LLP, a public accounting firm, from 1975 until his retirement in June 2000. During his tenure with KPMG, he served as an audit partner, SEC reviewing partner and in various management positions. Mr. McGillicuddy is also a member of the board of directors of Watts Water Technologies, Inc., a valve technology company. He is a former chairman of the Better Business Bureau of Massachusetts.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Brooks executive officers and directors, and persons who own more than 10% of the Company s Common Stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Executive officers, directors and greater than 10% stockholders are required to furnish the Company with copies of all Forms 3, 4 and 5 they file.

Based solely on the Company s review of the copies of such forms it has received from certain reporting persons that they were not required to file Forms 5 for the fiscal year ended September 30, 2003, the Company believes that all of its executive officers, directors and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them during the Company s fiscal year ended September 30, 2003.

Standards of Conduct

Pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and the Nasdaq Stock Market rules, the Company has adopted Standards of Conduct that apply to all officers, directors and employees, covering a wide range of matters and a Code of Ethics specifically for senior financial officers related to the protection of the integrity of the Company s financial records and reports. Copies of both are publicly available at www.brooks.com. If the Company makes any substantive amendment to the Standards of Conduct or Code of Ethics or grants any waiver, including any implicit waiver, from a provision of either code to the persons covered by each, the Company is obligated to disclose the nature of such amendment or waiver, the name of the person to whom any waiver was granted, and the date of waiver on the above website or in a report on Form 8-K.

Item 11. Executive Compensation

Effective as of January 2004, for service on the Board, nonemployee directors of Brooks receive a $40,000 cash annual retainer, in addition to reimbursement of expenses reasonably incurred. Nonemployee directors who are members of the audit, compensation or nominating and governance committees receive an additional $7,500 per year for their services on each committee and the Chairman of the Audit Committee receives an annual retainer of $5,000 for serving as Chair. Directors are also paid a meeting fee for each meeting attended (either in person or by phone).

Pursuant to Brooks 1993 Nonemployee Director Stock Option Plan, since 2002 each newly appointed nonemployee director was granted options to purchase 25,000 shares of the Company s Common Stock on the date he was first elected a director and options to purchase 10,000 shares of Common Stock on July 1 of each year thereafter. A total of 40,000 options were granted to non-employee directors during fiscal 2003 pursuant to that plan and an additional total of 50,000 shares to Messrs. Allen and McGillicuddy (25,000 shares each) upon their joining the Board on October 1, 2003. The 1993 Nonemployee Director Stock Option Plan expired at the close of business on October 1, 2003.

Employee directors may elect to participate in Brooks 1995 Employee Stock Purchase Plan and may be granted options under Brooks 2000 Combination Stock Option Plan.

Indemnification Agreements. Brooks has entered into indemnification agreements with each of its directors and anticipates that it will enter into similar agreements with any future directors. Generally, the indemnification agreements are designed to provide the maximum protection permitted by Delaware law with respect to indemnification of a director.

The indemnification agreements provide that Brooks will pay certain amounts incurred by a director in connection with any civil or criminal action or proceeding, specifically including actions by or in the name of Brooks (derivative suits) where the individual s involvement is by reason of the fact that he is or was a director or officer. Such amounts include, to the maximum extent permitted by law, attorney s fees, judgments, civil or criminal fines, settlement amounts, and other expenses customarily incurred in connection with legal proceedings. Under the indemnification agreements, a director will receive indemnification unless he is found not to have acted in good faith and in a manner he reasonably believed to be in the best interests of Brooks.

Information On Executive Officers

The names of the Company s executive officers who are not directors of the Company, and certain biographical information furnished by them, are set forth below. For information about Messrs. Therrien and Grady, see Item 10 above.

Name	Age	Position with the Company
Joseph M. Bellini	43	Senior Vice President, Software Systems Group
Jeffrey A. Cassis	49	Senior Vice President, Global Sales and Customer Service
Santo DiNaro	58	Senior Vice President, Hardware Automation Group
Peter J. Frasso	55	Senior Vice President of Global Operations
Thomas S. Grilk	56	Senior Vice President and General Counsel
Richard C. Small	46	Vice President, Corporate Controller
Robert W. Woodbury, Jr.	47	Senior Vice President and Chief Financial Officer

Mr. Joseph M. Bellini has served as the Senior Vice President, Software Systems Division, since joining Brooks in March, 2003. Prior to joining Brooks, Mr. Bellini was chief executive officer of eXcelon, a software company which was merged into Progress Software in December 2002. Mr. Bellini became CEO of eXcelon in September 2001 following its acquisition of C-bridge Internet Solutions, an internet company. Mr. Bellini was CEO of C-bridge Internet Solutions from 1999 until 2001. Prior to joining C-bridge, Mr. Bellini was a senior executive for four years at i2 Technologies.

Mr. Jeffrey A. Cassis has served as Senior Vice President, Global Sales and Customer Service since December 2002. He served as Vice President of Factory Automation Solutions from July 2001 until December 2002. From the time the Company acquired FASTech Integration, Inc. in September 1998 until July 2001, he was Senior Vice President of the Fab Systems Group. Prior to its acquisition by the Company, he served as Vice President of Worldwide Sales and Marketing for FASTech. Before joining FASTech, Mr. Cassis was Director of Sales and Marketing for Intellution, Inc., an industrial automation software company. From 1987 to 1989, Mr. Cassis had marketing responsibility for the industrial automation division at Analog Devices, and prior to that, product marketing management responsibility at The Foxboro Company.

Mr. Santo DiNaro has served as the Senior Vice President, Hardware Automation Group, since January 2003. During 2002 he was the Vice President and General Manager of the Vacuum Business Unit. From June 2001 to January 2002 he was Senior Vice President of Global Operations. Prior to joining the Company, Mr. DiNaro served as Vice President of Engineering and Operations from December 1997 to January 1999, and as an executive vice president from January 1999 to June 2001 at BTU International, a supplier of thermal processing solutions. From 1980 to 1997, Mr. DiNaro held a variety of positions at the Ion Implant Division of Varian, Inc., a supplier of semiconductor capital equipment.

Mr. Peter Frasso has served as Senior Vice President of Global Operations since January 2003. He served as General Manager of the Fab Automation Division from May 2002 until January 2003. He joined the Company as Vice President of Business Integration in January 2002. From June 2000 until he joined Brooks, he was Executive Vice President and Managing Director of Lightpointe Communications, Inc. and for 17 years before that he was employed in various capacities at Varian, Inc., serving during the last eight years as Vice President and General Manager of the Vacuum Products Division. Mr. Frasso is currently a member of the board of directors of Lytron, Inc., a manufacturer of liquid cooling components and systems.

Mr. Thomas S. Grilk joined the Company in November 2002 as Senior Vice President and General Counsel. From July 2000 until joining the Company, he was Vice President and General Counsel of Teradyne, Inc., a manufacturer of automated test equipment and electrical connection systems. Prior to that, he was Vice President for Government Affairs and Associate General Counsel of Compaq Computer Corporation following Compaq s acquisition of Digital Equipment Corporation. Mr. Grilk was Vice President and Assistant General Counsel of Digital Equipment Corporation prior to its acquisition by Compaq.

Mr. Richard C. Small has served as Corporate Controller since joining the Company on September 15, 2003. Prior to joining Brooks, from January 1999 until March 2003 he served as Corporate Controller of Global Knowledge, Inc., a provider of IT education and enterprise training solutions.

Mr. Robert W. Woodbury, Jr. has served as Senior Vice President and Chief Financial Officer since joining the Company in February, 2003. Prior to joining Brooks, Mr. Woodbury was Vice President and Corporate Controller since 1996 at Acterna Corporation (formerly Dynatech Corporation), a communications equipment and technology company. Mr. Woodbury served as Vice President and Corporate Controller at Kollmorgen Corporation from 1992 to 1996, and as Chief Financial Officer at Kidde Fenwal from 1990 to 1992. He worked at Unitrode Corporation, a semiconductor manufacturing company, from 1980 until 1990.

The following Summary Compensation Table sets forth the compensation during the last three fiscal years of each of the Chief Executive Officer and the five other most highly compensated persons who were serving as executive officers of the Company as of September 30, 2003, or who would have been among the four most highly compensated but for the fact that he was not serving as an executive officer on that date (collectively, the Named Executive Officers):

Summary Compensation Table

		Annual Compensation			Long Term Compensation Awards	
Name and Principal Position	**Year Ended**	**Salary($)**	**Bonus($)**	**Other Annual Compensation ($)(1)**	**Securities Underlying Option (#)(2)**	**All Other Compensation ($)(3)**
Robert J. Therrien,	9/30/03	428,182		35,849		3,957
Chairman and Chief	9/30/02	428,422		19,157	90,850	68,336
Executive Officer	9/30/01	467,662		42,722	100,000	81,863
Edward C. Grady	9/30/03	222,115		223,059	200,000	1,429
President and Chief Operating Officer (4)						
Jeffrey A. Cassis,	9/30/03	305,039		7,643	25,000	717
Senior Vice President,	9/30/02	225,957		6,650	58,890	14,215
Global Sales and	9/30/01	210,077		8,850	30,000	16,838
Customer Service						
Santo DiNaro,	9/30/03	232,388		7,000	50,000	2,191
Senior Vice President,						
Hardware Automation Group (5)						
Thomas S. Grilk,	9/30/03	225,000			30,000	1,161
Senior Vice President						
and General Counsel (6)						
Charles M. McKenna,	9/30/03	236,579		3,000		51,291
Former Executive Vice	9/30/02	250,827		9,000	60,430	28,805
President, Chief	9/30/01	271,095		9,000	15,000	17,580
Technology Officer (7)						

(1) Represents lease and insurance payments made for automobiles used by Messrs. Therrien, automobile allowances for Messrs. Cassis, DiNaro, and McKenna, and tax return preparation fees paid on behalf of Messrs. Therrien and Cassis in fiscal 2001 and 2003. In the case of Mr. Grady, this column includes an allowance for relocation from California to Massachusetts and reimbursement of actual relocation expenses. See Contractual Arrangements with Executive Officers Employment Agreements.

(2) The Company did not make any restricted stock awards, grant any stock appreciation rights or make any long-term incentive payments to the executive officers named in the table above during fiscal 2001, 2002 or 2003.

(3) In addition, All Other Compensation above consists of the following:

	Year Ended September 30,		
	2003($)	2002($)	2001($)
Robert J. Therrien			
401(k) matching contributions			5,063
Life insurance premiums	3,957	68,336	76,800
	3,957	68,336	81,863
Edward C. Grady			
401(k) matching contributions			
Life insurance premiums	1,429		
	1,429		
Jeffrey A. Cassis			
401(k) matching contributions			5,702
Life insurance premiums	717	14,215	11,136
	717	14,215	16,838
Santo DiNaro			
401(k) matching contributions			
Life insurance premiums	2,191		
	2,191		
Thomas S. Grilk			
401(k) matching contributions			
Life insurance premiums	1,161		
	1,161		
Charles M. McKenna			
401(k) matching contributions			3,250
Life insurance premiums	1,072	28,805	14,330
Severance	50,219		
	$51,291	$28,805	$17,580

(4) Mr. Grady commenced employment with the Company on February 3, 2003.

(5) Mr. DiNaro became an officer on February 26, 2003.

(6) Mr. Grilk commenced employment with the Company in November 2002.

(7) McKenna resigned as an executive officer of the Company effective July 28, 2003.

Contractual Arrangements With Executive Officers

Employment Agreements

Robert J. Therrien. The Company entered into a new employment agreement with Robert J. Therrien, its chief executive officer, effective October 1, 2001, which replaced Mr. Therrien s former agreement that expired on September 30, 2001. Under the 2001 agreement, Mr. Therrien would continue in his role as president and chief executive officer of the Company for four years and if Mr. Therrien identified his successor as president and chief executive officer, then Mr. Therrien would become chairman of the Board of Directors. (In February 2003 Mr. Grady became president, and Mr. Therrien became chairman but continued as chief executive officer.)

Under the terms of the 2001 agreement, Mr. Therrien s annual salary was to increase to $615,000 upon completion of the merger with PRI on May 14, 2002. The agreement also entitles Mr. Therrien to annual discretionary bonuses determined by the Compensation Committee. As discussed in the Compensation Committee Report, Mr. Therrien did not receive a bonus in 2002 or 2003 and the increase in his annual salary upon completion of the merger with PRI provided for under the 2001 agreement was not implemented until January 2004.

The 2001 agreement provides that Mr. Therrien will receive a supplemental retirement benefit. The supplemental retirement benefit is equal to the product of his final adjusted salary times 1 1/2 times the number of years Mr. Therrien serves the Company after October 1, 1994. For purposes of calculating the supplemental retirement benefit, the contract provides that Mr. Therrien s annual salary will be no less than his base salary at termination or $500,000. Currently, Mr. Therrien has 9 years of credited service with the Company. The supplemental retirement benefit will be paid in a lump sum payment on the first day of the month following expiration of the employment agreement or the date on which Mr. Therrien s services with the Company are terminated due to his death, long-term disability or termination for any other reason.

The Company has established a rabbi trust to fund the payment of Mr. Therrien s supplemental retirement benefit. The rabbi trust holds two whole life insurance policies insuring Mr. Therrien s life and cash and marketable securities. The two life insurance policies had combined death benefits of $7,222,000. The two life insurance policies had a combined cash surrender value of approximately $3,268,000 and the cash and marketable securities have a current fair market value of $5,229,000 as of September 30, 2003. The rabbi trust assets are unsecured and subject to the claims of creditors.

In addition, Mr. Therrien will participate in all employee welfare and benefit plans normally offered to other Company executives, except that he will not participate in any retirement plan other than the Company s 401(k) plan and will only receive the supplemental retirement benefit. Mr. Therrien also participates in a split dollar life insurance plan for which he now pays the premiums. The Company retains a security interest in the split dollar life insurance plan equivalent to the total amount of premiums it previously paid prior to July 2002. Mr. Therrien is entitled to the use of an automobile during the term of his agreement.

The employment agreement provides that if Mr. Therrien s employment is terminated without cause, or if Mr. Therrien terminates his employment for good reason, he will be entitled to receive his annual salary and bonus for the remaining term of the agreement, continued life insurance coverage until October 1, 2005 and medical, dental and vision insurance for life. The employment agreement provides that cause means Mr. Therrien has: (1) habitually neglected his material duties under the agreement; (2) perpetrated fraud or embezzlement against the Company; or (3) been finally adjudicated to have committed a felony under any federal or state law. The agreement also provides that good reason means Mr. Therrien has suffered, without his consent, a reduction in his status at the Company either through a reduction in his duties or in his title.

If Mr. Therrien is terminated for cause, he will only be entitled to receive his then accrued salary and accrued vacation days and will forfeit all benefits payable under the supplemental retirement benefit.

In addition, if Mr. Therrien s employment is terminated or he resigns following a change of control, as defined in the agreement, then the Company is obligated to pay Mr. Therrien a lump sum severance payment equal to three times his base salary and bonus.

In the event of Mr. Therrien s termination or resignation following a change of control, his resignation for good reason or his termination without cause, his stock options will immediately vest and remain exercisable until the earlier of 24 months following his termination or the expiration of the option term. However, the extension of the option exercise period will not apply to any options granted prior to September 30, 2001, if such extension would result in a charge to earnings or other adverse accounting consequence. Mr. Therrien is also entitled to receive other payments and benefits including continuation of life insurance coverage until October 1, 2005 and medical, dental and vision insurance for life. Mr. Therrien is entitled to a gross-up payment for federal golden parachute excise tax and income tax imposed on any excess parachute payments received under the employment agreement.

Mr. Therrien s employment agreement also contains noncompetition, nonsolicitation and confidentiality provisions. The noncompetition and nonsolicitation provisions prohibit Mr. Therrien from directly or indirectly competing with, or soliciting employees of, the Company so long as he is an employee of the Company and for a period of two years thereafter.

Edward C. Grady. The Company entered into an employment agreement with Edward C. Grady, in connection with his hiring as President and Chief Operating Officer, effective January 31, 2003. Mr. Grady s employment agreement is effective for an initial two-year term, which automatically renews for successive one-year terms.

Under the terms of the agreement, Mr. Grady receives an annual base salary in the amount of $350,000. Mr. Grady also received $180,000 as compensation for his relocation from California to Massachusetts and reimbursement of reasonable, customary and actual moving expenses. Subject to certain termination provisions contained in the agreement, Mr. Grady became entitled to an initial deferred sign-on bonus payment in the amount of $180,000 on January 1, 2004, and will receive a second deferred sign-on bonus payment in the amount of $300,000 on January 1, 2005. In addition, Mr. Grady shall be eligible to receive an annual management bonus, as determined by the Chief Executive Officer and the Compensation Committee from year to year. The Company also agreed to appoint Mr. Grady to the Board of Directors if he continued to be employed six months after commencement of the agreement, which was done in September 2003.

Under the terms of the agreement, Mr. Grady also received an inducement option to purchase 200,000 shares of Brooks Common Stock, vesting over four years. Mr. Grady will also be eligible to participate in all employee welfare and benefit plans normally offered to other senior executives of the Company.

Robert W. Woodbury, Jr. The Company entered into an at-will employment agreement with Robert W. Woodbury, Jr., its Senior Vice-President and Chief Financial Officer, effective February 26, 2003. Under the terms of the Agreement, Mr. Woodbury receives an annual base salary of $270,000 and an annual management bonus which may range from 0% to 150% of 70% of Mr. Woodbury s base salary. The agreement also grants Mr. Woodbury an option to purchase up to 85,000 shares of Brooks Common Stock, vesting over four years. Mr. Woodbury will also be eligible to participate in all employee welfare and benefit plans normally offered to other senior executives of the Company.

Change In Control Arrangements. Brooks has entered into change of control agreements with certain key employees, including each of the Named Executive Officers other than Mr. Therrien, whose employment contract offers change of control benefits. The Board of Directors determined that it was in the best interests of Brooks and its stockholders to assure that Brooks have the continued dedication of these persons, notwithstanding the possibility, threat, or occurrence of a change in control of Brooks. The purpose of the agreements is to diminish the inevitable distraction for these persons caused by the personal uncertainties and risks created by a pending or threatened change of control and to encourage their full attention and dedication to Brooks currently and in the event of any threatened or pending change of control. The agreements have terms of five years and automatically renew in five-year increments unless a party to the agreement objects in writing in advance of the renewal. The agreements provide that in the event of a change of control these persons will retain their then current compensation and benefits for the lesser of one year or until terminated for cause. The agreements also provide that the position of such person upon a change of control shall be at least commensurate with the highest position held by such person prior to the change of control, after completion of a six-month transitional period. Under the agreements, if the employee is terminated other than for cause, disability or death or if the employee resigns for good reason the employee is entitled to one year of salary in a lump sum payment and the continuation of certain benefits for 18 months. For purposes of the agreements, cause means willful acts of dishonesty, repeated breaches by the employee of the agreement or the conviction of a felony involving moral turpitude. Good reason includes diminution of the responsibility or position of the employee, Brooks breach of the agreement or the involuntary relocation of the employee.

Indemnification Agreements. Brooks has entered into indemnification agreements with each of its executive officers. The indemnification agreements provide that the Company will pay certain amounts incurred by an officer in connection with any civil or criminal action or proceeding, specifically including actions by or in the name of the Company where the individual s involvement is by reason of the fact that he is or was an officer. Such amounts include, to the maximum extent permitted by law, attorney s fees, judgments, civil or criminal fines, settlement amounts, and other expenses customarily incurred in connection with legal proceedings. Under the indemnification agreements, an officer will receive indemnification unless he or she is found not to have acted in good faith and in a manner he or she reasonably believed to be in the best interests of Brooks.

Compensation Plans

Bonus Plan. The Company maintains a bonus program for employees, including executive officers, under which such employees may be awarded cash bonuses based upon the Company s overall financial performance.

Stock Purchase Plan. In February 1996, the Company adopted the 1995 Employee Stock Purchase Plan to provide employees of Brooks with additional incentives by permitting them to acquire an equity interest in the Company through the purchase of shares of Brooks Common Stock. As of September 30, 2003, 770,230 shares of Brooks Common Stock have been purchased under the Stock Purchase Plan and 729,770 shares remain available for purchase. The Stock Purchase Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code.

Stock Option Plans. Brooks maintains a number of equity compensation plans for employees, officers, directors and others whose efforts contribute to Brooks success. The plans described below are administered by the Compensation Committee of the Board of Directors. However, Mr. Therrien, the Chairman and Chief Executive Officer of the Company, has the authority to grant options to purchase not more than 15,000 shares of the Company s Common Stock per employee per fiscal year to employees who are not executive officers on terms that are consistent with the 1998 Plan and the 2000 Plan described below. Under that authority, Mr. Therrien granted options to purchase an aggregate of 250,800 shares of the Company s Common Stock in fiscal 2003.

The following tables set forth certain information with respect to the stock options granted to and exercised by the Named Executive Officers during fiscal 2003 and the aggregate number of and value of options exercisable and unexercisable held by the Named Executive Officers during fiscal 2003.

Option Grants in Last Fiscal Year

	Number of Securities Underlying Options/SARS Granted (#)(1)	Percent of Total Options/SARS Granted to Employees in Fiscal Year	Exercise Price ($/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ($)(2)	
					5%	10%
Robert J. Therrien						
Edward C. Grady	200,000	21.0%	10.21	2/3/10	831,299	1,937,280
Jeffrey A. Cassis	25,000	2.6%	12.969	1/10/10	131,992	307,598
Santo DiNaro	50,000	5.3%	12.969	1/10/10	263,984	615,196
Thomas S. Grilk	30,000	3.2%	12.23	12/10/09	149,365	348,084
Charles M. McKenna						

(1) Stock options become exercisable over a four-year period. Those for Messrs Grady and Grilk vest 25% after one year and 6.25% per quarter thereafter; those for Messrs Cassis and DiNaro vest 6.25% per quarter.

(2) The 5% and 10% assumed rates of annual compounded stock price appreciation are mandated by the rules of the SEC and do not represent the Company s estimate or projection of future prices of its Common Stock.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values