

ROCKWELL MEDICAL, INC.
Form DEF 14A
March 29, 2013

[QuickLinks](#) -- Click here to rapidly navigate through this document

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Rockwell Medical Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

- o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

ROCKWELL MEDICAL, INC.

**30142 Wixom Road
Wixom, Michigan 48393**

Dear Shareholder:

You are cordially invited to attend the 2013 annual meeting of shareholders of Rockwell Medical, Inc. (the "Company"), on Tuesday, April 30, 2013 at 4:30 p.m. at the Wixom Community Center, 49015 Pontiac Trail, Wixom, Michigan. We look forward to greeting personally those shareholders who are able to attend.

The attached notice and proxy statement describe the items of business to be transacted at the meeting and should be reviewed carefully by shareholders. A copy of the Company's 2012 Annual Report is also enclosed.

Your vote is important, regardless of the number of shares you own. I urge you to vote now, even if you plan to attend the annual meeting. Please sign, date and mail the enclosed proxy card at your earliest convenience. If you receive more than one proxy card, please vote each card. Remember, you can always vote in person at the annual meeting even if you vote by proxy, provided you are a shareholder of record or have a legal proxy from a shareholder of record.

Your continued interest and participation in the affairs of the Company are greatly appreciated.

Sincerely,

Robert L. Chioini
President and CEO

Wixom, Michigan
March 29, 2013

ROCKWELL MEDICAL, INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held April 30, 2013**

To the Shareholders of Rockwell Medical, Inc.:

Notice is hereby given that the 2013 annual meeting of shareholders of Rockwell Medical, Inc. (the "Company") will be held at the Wixom Community Center, 49015 Pontiac Trail, Wixom, Michigan, on April 30, 2013, at 4:30 p.m., to consider and take action upon the following matters:

- (1) the election of one director for a term expiring in 2016;
- (2) a proposal to amend the Company's Restated Articles of Incorporation to increase the number of authorized shares available for issuance and make certain related changes;
- (3) a proposal to amend the Amended and Restated 2007 Long Term Incentive Plan to increase the number of common shares available for grants thereunder;
- (4) a proposal to ratify the selection of Plante & Moran, PLLC as the Company's independent registered public accounting firm for 2013;
- (5) a shareholder proposal, if properly presented at the meeting; and
- (6) the transaction of such other business as may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 6, 2013 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement of the meeting.

All shareholders are cordially invited to attend the meeting. Whether or not you intend to be present, please complete, date, sign and return the enclosed proxy card in the stamped and addressed envelope enclosed for your convenience. Shareholders can help the Company avoid unnecessary expense and delay by promptly returning the enclosed proxy card. The business of the meeting to be acted upon by the shareholders cannot be transacted unless a majority of the outstanding common shares of the Company is represented at the meeting.

By Order of the Board of Directors,

THOMAS E. KLEMA
Secretary

Wixom, Michigan
March 29, 2013

ROCKWELL MEDICAL, INC.

30142 Wixom Road
Wixom, Michigan 48393

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

April 30, 2013

INTRODUCTION

General

The annual meeting of shareholders of Rockwell Medical, Inc. will be held at the Wixom Community Center, 49015 Pontiac Trail, Wixom, Michigan on Tuesday, April 30, 2013, at 4:30 p.m., Eastern Time, for the purposes set forth in the accompanying notice of annual meeting of shareholders. We expect that this proxy statement and accompanying proxy will be first sent or given to shareholders on or about March 29, 2013. References in this proxy statement to "we," "our" and "us" are references to Rockwell Medical, which we also refer to as the Company.

It is important that your shares are represented at the annual meeting. Whether or not you plan to attend the annual meeting, please sign and date the enclosed proxy and return it to us. The proxy is solicited by our Board of Directors. The expenses incurred in connection with the solicitation of proxies will be borne by us and may include requests by mail and personal contact by our directors, officers, employees and investor relations consultants without additional compensation. This proxy statement, the form of proxy and the 2012 Annual Report are being furnished to banks, brokers and other nominees who hold our common stock on behalf of beneficial owners and if asked, we will reimburse banks, brokers and other nominees for their out-of-pocket expenses in forwarding proxy materials to beneficial owners.

Voting Rights and Outstanding Shares

Only shareholders of record of shares of our common stock, no par value, which we refer to as our common shares, at the close of business on March 6, 2013, the record date for the annual meeting, will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof. As of the close of business on the record date, we had 21,559,138 outstanding common shares, the only class of stock outstanding and entitled to vote. Each common share is entitled to one vote on each matter submitted for a vote at the annual meeting. The presence, in person or by proxy, of the holders of record of a majority of the outstanding common shares entitled to vote is necessary to constitute a quorum for the transaction of business at the annual meeting or any adjournment or postponement thereof. Broker non-votes, abstentions and votes withheld from the election of the director nominee will be treated as shares present for purposes of determining the presence of a quorum but will have no effect on the vote for the election of directors.

You are considered a shareholder of record if your shares are registered directly in your name with our transfer agent. You may vote your shares by signing and dating each proxy card and returning it in the envelope provided, or by attending the annual meeting and voting in person. Valid proxies in the enclosed form which are returned in time for the annual meeting and executed and dated in accordance with the instructions on the proxy will be voted as specified in the proxy. If no specification is made, the proxies will be voted **FOR** the election of the director-nominee listed below, **FOR** the approval of the Board proposals listed in this proxy statement and **AGAINST** the shareholder proposal (if properly presented at the meeting).

If your shares are held in a stock brokerage account or by a bank or other nominee, then you are not a holder of record but, rather, are considered a beneficial owner holding shares in "street name."

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

You are also invited to attend the annual meeting. If you hold your shares in street name, the proxy statement, annual report and a vote instruction card have been forwarded to you by your broker, bank or nominee who is considered, with respect to your shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the vote instruction card included in the mailing. In accordance with applicable regulations, unless you provide the record holder with instructions on how to vote your shares, your shares may not be voted by the record holder on the election of directors, the amendment to the Amended and Restated 2007 Long Term Incentive Plan or the shareholder proposal. If you are a "street name" holder, you may provide instructions on how to vote your shares in any of the following ways:

In Person: You may vote your shares in person at the meeting if you request and obtain a legal proxy from your bank, broker or other agent or nominee, bring it to the meeting with you and attach it to the ballot you vote at the meeting.

By Internet: To provide voting instructions by Internet, go to www.proxyvote.com. Have the 12-Digit control number available and follow the instructions.

By Mail: You can provide voting instructions by mail by completing, signing and returning your voting instruction form in the self-addressed stamped envelope you received.

Vote Required and Board Recommendation

The vote required to approve each of the matters listed in this proxy statement and the Board's recommendations as to how to vote are as follows:

Proposal	Board Recommendation	Vote Required	Effect of Abstentions and Broker Non-Votes
Election of director	For	Plurality of votes on election	No effect
Amend restated articles of incorporation	For	Majority of outstanding shares	Same effect as a vote against
Amend Long Term Incentive Plan	For	Majority of shares voted on proposal	No effect
Ratify appointment of independent auditors	For	Majority of shares voted on proposal	No effect
Shareholder proposal	Against	Majority of shares voted on proposal	No effect

Revocability of Proxies

A shareholder giving a proxy may revoke it at any time before it is voted at the annual meeting by giving written notice of such revocation to our Secretary or by executing and delivering to the Secretary a later dated proxy. Attendance at the annual meeting by a shareholder who has given a proxy will not have the effect of revoking it unless such shareholder votes at the meeting or gives written notice of revocation to the Company's Secretary before the proxy is voted. Any written notice revoking a proxy, and any later dated proxy, must be received by the Company prior to the date of the annual meeting (unless delivered directly to the Company's Secretary at the annual meeting) and should be sent to Rockwell Medical, Inc., 30142 Wixom Road, Wixom, Michigan 48393, Attention: Thomas E. Klema, Secretary.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on April 30, 2013

This proxy statement and the Company's 2012 Annual Report to Shareholders, which includes the Annual Report on Form 10-K, are available on the internet at <http://www.rockwellmed.com>. Directions to attend the meeting in person may be obtained by contacting Thomas E. Klema, Secretary, at (248)960-9009. Shareholders may request a copy of the proxy statement, proxy card and annual report to shareholders by sending an e-mail to invest@rockwellmed.com, calling 800-449-3353 or by internet at <http://www.rockwellmed.com>.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The following table sets forth information regarding the ownership of the common shares as of March 6, 2013 (unless otherwise indicated) with respect to

each current director and nominee,

each of the persons named in the Summary Compensation Table,

all current directors and executive officers as a group, and

each person known to us to be the beneficial owner of more than five percent of the common shares outstanding on March 6, 2013.

The number of shares beneficially owned is determined under rules of the Securities and Exchange Commission, or SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire on March 6, 2013 or within 60 days thereafter through the exercise of any stock option or other right. The persons named in the table have sole voting power and sole dispositive power with respect to the common shares beneficially owned, except as otherwise noted below.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(a)	Percent of Class
Patrick J. Bagley	386,284	1.8
Ronald D. Boyd	293,334	1.3
Robert L. Chioini(b)	3,379,666	14.2
Kenneth L. Holt	229,843	1.1
Thomas E. Klema(b)	1,579,304	7.0
Raymond D. Pratt	50,000	0.2
Ajay Gupta	606,882	2.8
All directors and current executive officers as a group (7 persons)	6,525,313	24.9
David A. Hagelstein and related entities(c)	2,673,754	12.0
Richmond Brothers, Inc.(d)	2,903,381	13.5

(a) Includes restricted shares subject to forfeiture to us under certain circumstances and shares that may be acquired upon exercise of stock options as set forth in the table below. Also includes 856,333 shares owned by Mr. Chioini, 323,138 shares owned by

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

Mr. Klema and 21,509 shares owned by Mr. Holt that are pledged as collateral under standard margin loan arrangements.

	Restricted Shares	Option Shares
Patrick J. Bagley	0	208,334
Ronald D. Boyd	0	293,334
Robert L. Chioini	200,000	2,323,333
Kenneth L. Holt	0	208,334
Thomas E. Klema	120,000	1,134,166
Raymond D. Pratt	0	50,000
Ajay Gupta	150,000	451,667
All directors and current executive officers as a group	470,000	4,669,168

- (b) The address for Mr. Chioini and Mr. Klema is 30142 Wixom Road, Wixom, Michigan 48393.
- (c) Based on a Form 4 filed January 28, 2013, by David A. Hagelstein and the David Hagelstein Charitable Remainder Unitrust, (the "Charitable Trust"), on showing ownership as of January 28, 2013. As of that date, Mr. Hagelstein beneficially owned 2,673,754 common shares, 2,247,363 of which are owned by the David A. Hagelstein Revocable Living Trust, dated October 27, 1993 (the "Revocable Trust"), and 426,391 of which are owned by the Charitable Trust. Of the common shares beneficially owned by the Revocable Trust, 862,502 are common shares underlying currently exercisable warrants. Mr. Hagelstein is the sole trustee and beneficiary of the Revocable Trust and is the sole trustee of the Charitable Trust. Mr. Hagelstein has sole voting and dispositive power with respect to all such shares. The address for Mr. Hagelstein and the Charitable Trust is 36801 Woodward Avenue, Suite 313, Birmingham, Michigan 48009.
- (d) Based on a Schedule 13G filed March 11, 2013 by Richmond Brothers, Inc., reporting ownership as of that date. Richmond Brothers, Inc. has sole dispositive power over the reported common shares but has no voting power with respect to such shares. The address for Richmond Brothers, Inc. is 7415 Foxworth Court, Jackson, Michigan 49201.

ELECTION OF DIRECTORS

Background

The Company's Restated Articles of Incorporation divide the directors into three classes, designated Class I, Class II and Class III. Each year, on a rotating basis, the terms of office of the directors in one of the three classes expire. Successors to the class of directors whose terms have expired will be elected for a three-year term. The term for the Class I director who is being elected this year will expire at the 2016 annual meeting of shareholders and upon the election and qualification of their successors. If for any reason the nominee becomes unavailable for election, the proxies solicited will be voted for a replacement nominee selected by management. Management has no reason to believe that the nominee named below are not available or will not serve if elected.

Class I Nominee For Term Expiring In 2016

Ronald D. Boyd, age 50, has been a director since March 2000. Mr. Boyd has over 26 years of experience in the dialysis industry, including the ownership and operation of dialysis clinics as well as experience in dialysis product design, product development, regulatory approval and marketing. He has also been a private investor for many years. He currently is an owner and managing partner of Southeast Acute Services, LLC and Southern Renal Administrations, LLC, which is primarily in the

business of acute dialysis services, since 2001. He was a founder and Managing Partner of East Georgia Regional Dialysis Center, an outpatient, freestanding dialysis center located in southern Georgia from 2001 until 2005. He was a founder of Diatek, Inc. in 2001 where he developed, designed and holds the patent to the Cannon Cath., the first "retrograde" dual lumen dialysis catheter in the market. The company has since been sold. He was a founder and co-owner of Classic Medical, Inc., a dialysis and medical products company, and served as the Executive Vice President of Classic Medical, Inc. from its inception in November 1993 until April 2007 when he sold his interest in that company. From May 1993 to November 1993, Mr. Boyd served as a consultant for Dial Medical of Florida, Inc., a manufacturer and distributor of dialysis products. From 1990 to 1993, Mr. Boyd served as a Regional Sales Manager for Future Tech, Inc., a dialysis products distributor. With his extensive experience in the dialysis industry, Mr. Boyd brings to the Board entrepreneurial experience and expertise in marketing, product development and strategy.

Other Information Relating to Directors

Class II Director

Kenneth L. Holt, age 60, has been a director since March 2000. Mr. Holt has over 25 years of experience in the dialysis industry, including the management and operation of dialysis clinics, and has also been a private investor for many years. He is currently an owner and a managing partner of two firms that provide contractual dialysis services; Southeast Acute Services, LLC and Southern Renal Administrators, since 2001. He was a founder and co-owner of Charleston Renal Care, LLC, a kidney disease management company specializing in the treatment of end-stage renal disease, until its sale in 2005. He was a founder and co-owner of Savannah Dialysis Specialists, LLC, a disease management company specializing in the treatment of end-stage renal disease, and served as the Managing Partner from October 1999 until its sale in 2004. From 1996 to October 1999, Mr. Holt served as Vice President for Gambro Healthcare, Inc., in its Carolinas Region, and held the same position at Vivra Renal Care, Inc., its predecessor company, which was acquired in 1997 by Gambro Healthcare, Inc. From 1986 to 1996, Mr. Holt was also the co-owner and Managing Partner of five other dialysis clinics that he founded. With his extensive experience in the dialysis industry, Mr. Holt brings to the Board entrepreneurial experience and expertise in operations and strategy, as well as financial expertise. Mr. Holt also brings strong accounting and financial skills to our audit committee and Board, having supervised the accounting and finance function for several businesses, and is an "audit committee financial expert" as defined by applicable SEC and NASDAQ rules. Mr. Holt's term as a director will expire at the 2014 annual meeting of shareholders and upon the election and qualification of his successor.

Class III Directors

Robert L. Chioini, age 48, is a founder of the Company, has served as our Chairman of the Board since March 2000, has served as our President and Chief Executive Officer since February 1997, has been one of our directors since our formation in October 1996 and served as President of the Company's predecessor which he founded in January 1995. Including his time with the Company, Mr. Chioini has nearly 20 years of operational and sales experience in the dialysis industry. Mr. Chioini, as our current President and Chief Executive Officer, brings to the Board extensive knowledge regarding the Company, the dialysis industry and the current environment in which we operate, allowing him to provide critical insight into operational requirements and strategic planning. In that position, he is also able to promote the flow of information between the Board and management and provide management's perspective on issues facing the Board. Mr. Chioini's term as a director will expire at the 2015 annual meeting of shareholders and upon the election and qualification of his successor.

Patrick J. Bagley, age 48, has been a director since July 2005. Mr. Bagley is Senior Partner of the law firm Bagley and Langan, P.L.L.C. and has been a practicing attorney since 1995, with a focus on general legal matters and litigation. Since 1987, Mr. Bagley has also been a licensed insurance agent licensed and certified in property and casualty insurance as well as life, accident and health insurance. Mr. Bagley has started and managed numerous businesses, including three different national franchises of retail service businesses. In addition, since 1988, Mr. Bagley has been a licensed real estate agent, real estate developer and real estate investor. Mr. Bagley brings strong risk management skills, substantial entrepreneurial experience and keen analytical abilities to the Board. His background as a lawyer provides a valuable perspective to the Board on legal, litigation and risk management matters. Mr. Bagley's term as a director will expire at the 2015 annual meeting of shareholders and upon the election and qualification of his successor.

Independence

Based on the absence of any material relationship between them and us, other than in their capacities as directors and shareholders, the Board of Directors has determined that each of Messrs. Boyd, Bagley and Holt are independent as independence is defined in the applicable NASDAQ Stock Market and SEC rules.

Executive Officers

The executive officers of the Company are elected or appointed annually and serve as executive officers of the Company at the pleasure of the Board of Directors. The Company's current executive officers are described below.

Robert L. Chioini's business experience is described above under "Class III Directors."

Thomas E. Klema, CPA/MBA, age 59, has served as the Company's Vice President, Chief Financial Officer, Treasurer and Secretary since January 1999. Prior to joining the Company, Mr. Klema was employed as Vice President of Finance and Administration at a specialty products division of Whistler Corporation from 1997 to 1998 and, from 1980 to 1996, held several management positions in the areas of finance, accounting, human resources, business planning, customer service and operations, including from 1993 to 1996 as a vice president, at Diversey Corporation, a subsidiary of the Molson Cos., until it was acquired by Unilever. Prior to 1980, Mr. Klema was employed as a certified public accountant. Mr. Klema holds both an MBA in finance and a BA in accounting from Michigan State University.

Ajay Gupta M.D., age 54, joined the Company as Chief Scientific Officer in June 2009. Prior to joining the Company, Dr. Gupta spent the prior seven years as an Associate Professor of Medicine at UCLA and Charles Drew University Schools of Medicine, Los Angeles, CA, where he had an active nephrology practice. Prior to that, Dr. Gupta served on the faculties of Henry Ford Hospital, Detroit, MI, University of Alabama, Birmingham, State University of New York, Syracuse and Washington University, St. Louis. Dr. Gupta also completed a clinical fellowship in Nephrology from Wayne State University, Detroit, Michigan and a research fellowship in Nephrology from Washington University, St. Louis, Missouri. Dr. Gupta, who is the Founder and Chairman of the Indian Society for Bone and Mineral Research, earned his MBBS degree and completed his residency in Internal Medicine from All India Institute of Medical Sciences, New Delhi. Dr. Gupta is the inventor of dialysate iron therapy using Soluble Ferric Pyrophosphate (SFP) and is also the inventor of intravenous iron therapy using slow continuous infusion of SFP, including as an adjunct to parenteral nutritional admixtures. He has filed a number of patents in the areas of drugs, medical devices and diagnostic tests.

Raymond D. Pratt M.D., age 62, joined the company in April 2012 as its Chief Medical Officer. Prior to joining the Company, Dr. Pratt worked at Shire PLLC from 2003 to 2010 as Vice President Research and Development and as the scientific leader in its Emerging Business Unit and Renal Business Unit. Previous roles at Shire included Vice President Global Clinical Medicine and Global

Clinical Affairs and head of US Clinical Development. Dr. Pratt served in a consulting role at Quintiles, a global biopharmaceutical services company, as a vice president of strategic drug development innovation since August 2011 and as an industry consultant during 2011 after leaving Shire. Prior to working at Shire, he was Senior Director, Clinical Research and Development at Eisai Medical Research from 1994 to 2003, where he was head of Central Nervous System and Internal Medicine clinical development.

Meetings and Committees of the Board of Directors

During 2012, the Board of Directors held 8 meetings. Each director attended 75% or more of the total number of meetings of the Board and committees of which he was a member in 2012. We encourage all of our directors to attend the annual meeting of shareholders, if possible, but have no formal policy on such attendance. One director attended the 2012 annual meeting.

Audit Committee

We have an Audit Committee comprised of Messrs. Holt, Bagley and Boyd. The Board has determined that Kenneth L. Holt, who is the Chairman of the Audit Committee, is an "audit committee financial expert," as defined by applicable SEC rules. In addition, the Board has determined that each member of the Audit Committee is independent as independence for audit committee members is defined in applicable NASDAQ Stock Market and SEC rules. During 2012, the Audit Committee held 4 meetings. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is posted on our website at www.rockwellmed.com. Pursuant to its charter, the purpose of the Audit Committee is to assist the Board in its oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. The functions of the Audit Committee include, among other things, (1) monitoring the adequacy of the Company's internal controls; (2) engaging and overseeing the work of the registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, including the conduct of the annual audit and overseeing the independence of such firm; (3) overseeing our independent accountants' relationship with the Company; (4) reviewing the audited financial statements and the matters required to be discussed by SAS 114 with management and the independent accountants, including their judgments about the quality of our accounting principles, applications and practices; (5) recommending to the Board whether the audited financial statements should be included in our Annual Report on Form 10-K; (6) reviewing with management and the independent accountants the quarterly financial information before we file our Forms 10-Q; (7) reviewing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; (8) reviewing related party transactions required to be disclosed in our proxy statement for potential conflict of interest situations and, where appropriate, approving such transactions; and (9) monitoring with management the status of pending litigation.

Audit Committee Report

Our Audit Committee has:

Reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2012 with management;

Discussed with our independent accountants the matters required to be discussed by the statement on Auditing Standards No. 114, as amended (AICPA, *Professional Standards*, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

Received the written disclosures and the letter from our independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence; and

Discussed with our independent accountants the independent accountants' independence.

Based on the review and discussions described above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2012 as filed with the SEC.

Management is responsible for our financial reporting process, including its system of internal control, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. Our independent accountants are responsible for auditing those financial statements. The Audit Committee's responsibility is to monitor and review these processes. The Audit Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the representations of the independent accountants included in their report on our financial statements.

By the Audit Committee:

Ronald D. Boyd

Kenneth L. Holt

Patrick J. Bagley

Compensation Committee

We have a Compensation Committee composed of Messrs. Boyd, Holt and Bagley. The Compensation Committee has a written charter setting forth the responsibilities of the Committee, a copy of which is posted on our website at www.rockwellmed.com. The charter provides that the Compensation Committee will oversee, review, assess and approve (as to the chief executive officer) or recommend (as to all other executive officers) to the Board all compensation and benefits for executive officers and make recommendations to the Board for director compensation. The Compensation Committee is also responsible for administering the stock compensation program, reporting to the Board on compensation policies, programs and plans, and approving other employee compensation and benefit programs where Board action is necessary or appropriate. The Compensation Committee held 8 meetings in 2012. Except to the extent prohibited by NASDAQ Stock Market rules and state law, the Compensation Committee may delegate its authority to subcommittees when it deems appropriate and in the best interests of the Company.

Nominating and Advance Notice Procedures

Our Board of Directors does not have a standing nominating committee or a nominating committee charter. Instead, the full Board of Directors, a majority of the members of which are independent (as defined under applicable NASDAQ Stock Market rules), performs the function of a nominating committee. The Board of Directors believes it is appropriate not to have a standing nominating committee because we are a small company with little turnover in our Board of Directors. Moreover, we believe the current structure provides better oversight and is more efficient. The entire Board of Directors identifies the individuals to become Board members, but the approval of a majority of our independent directors is necessary to nominate directors to be presented for shareholder approval at the annual meeting of shareholders or to fill any vacancies.

The Board of Directors' policy is to consider any director candidates proposed by shareholders and evaluate them using the same criteria used to evaluate candidates submitted by the Board of Directors

for nomination. Proposals of director candidates must be made pursuant to timely notice in writing to our Secretary, at Rockwell Medical, Inc., 30142 Wixom Road, Wixom, Michigan 48393, as provided in our bylaws. The requirements for proposing director candidates, set forth in Section 2.5 of our bylaws, are described below.

Shareholders proposing director nominees for election at the 2014 annual meeting of shareholders must provide written notice of such intention, along with the other information required by Section 2.5 of our bylaws, to our Secretary at our principal executive offices no earlier than the close of business on December 31, 2013 and no later than the close of business on January 30, 2014. If the 2014 annual meeting date has been significantly advanced or delayed from the first anniversary of the date of the 2013 annual meeting, then the notice and information must be given not later than the 90th day before the meeting or, if later, the 10th day after the first public disclosure of the date of the annual meeting. With respect to an election to be held at a special meeting of shareholders, such notice must be given in accordance with the procedures set forth in our bylaws no earlier than the close of business on the 120th day before and not later than the close of business on the 90th day before the date of such special meeting or, if later, the 10th day after the first public disclosure of the date of such special meeting. Notwithstanding the foregoing, if the number of directors to be elected is increased and there is no public disclosure regarding such increase or naming all of the nominees for director at least 100 days prior to the first anniversary of the prior year's annual meeting, then shareholder notice with regard to nomination of directors shall be considered timely if received by our Corporate Secretary no later than the tenth day following public disclosure of the increase in the number of directors to be elected. A proponent must also update the information provided in or with the notice at the times specified by our bylaws. Nominees for director pursuant to a notice which does not contain the information required by our bylaws or which is not delivered in compliance with the procedure set forth in our bylaws will not be considered at the shareholders meeting.

Only persons who are shareholders both as of the giving of notice and the date of the shareholders meeting and who are eligible to vote at the shareholders meeting are eligible to nominate directors. The nominating shareholder (or his qualified representative) must attend the shareholders meeting in person and present the proposed nominee in order for the proposed nominee to be considered.

The Board of Directors has not established specific, minimum qualifications for recommended nominees or specific qualities or skills for one or more of our directors to possess. The Board of Directors uses a subjective process for identifying and evaluating nominees for director, based on the information available to, and the subjective judgments of, the members of the Board of Directors and our then current needs, although the Board does not believe there would be any difference in the manner in which it evaluates nominees based on whether the nominee is recommended by a shareholder. Historically, nominees have been existing directors or business associates of our directors or officers. While the Board has no written policy with respect to the selection criteria for directors, the Board considers the diversity and complementary skills of the Board as a whole and the breadth and depth of experience of each director nominee in relation to the firm's current and prospective business in determining nominees for the Board.

Board Leadership Structure and Risk Oversight

The Board believes that Mr. Chioini, the Company's President and Chief Executive Officer, is best situated to serve as Chairman of the Board because he is ultimately responsible for overseeing the business operation of the Company, identifying Company priorities and opportunities, and executing the Company's strategic plan. The Board also believes having Mr. Chioini as Chairman better promotes the flow of information between management and the Board than would a chairman who was an outside director, while the small size of the Board promotes a close and less formal working relationship among all of the directors and requires all of the independent directors to be more closely involved in oversight in much the same manner as a lead director, and therefore has no lead director

designated as such. Although the Board further believes that independent oversight of management is an important component of an effective board of directors and is essential to effective governance, the Board believes that the current governance structure is the most effective corporate governance structure for the development of the Company's strategic opportunities given its target market, scale of operation and available resources and the current size of the Board, and is currently the most effective structure to facilitate organizational matters and communication among the directors.

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. While the Board oversees the Company's risk management and establishes policies, Company management is responsible for day-to-day risk management processes. The Board and its committees administer their risk oversight function through regular, periodic reporting from and discussions with management appropriate to the nature and magnitude of the particular risk. The Audit Committee oversees management of financial risks and risks associated with conflicts of interest. The Compensation Committee oversees management of risks relating to executive compensation plans and arrangements. While each committee is responsible for evaluating certain risks and overseeing management of those risks, the entire Board is regularly informed about those risks. In addition, management's role is to evaluate and assess business risks and to inform the Board of its evaluation of such business risks periodically.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer or controller. Our Code of Business Conduct and Ethics contains written standards that we believe are reasonably designed to deter wrongdoing and to promote:

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships,

Full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications we make,

Compliance with applicable governmental laws, rules and regulations,

The prompt internal reporting of violations of the Code of Business Conduct and Ethics to the appropriate person or persons, and

Accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics is posted on our website at www.rockwellmed.com and is an exhibit to our Annual Report on Form 10-K. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or a waiver from, a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of the code of ethics definition enumerated in the applicable SEC rule by posting such information on our website at www.rockwellmed.com within four business days following the date of the amendment or waiver.

Shareholder Communications with the Board

The Board of Directors has a process for shareholders to send communications to our Board of Directors or Audit Committee, including complaints regarding accounting, internal accounting controls or auditing matters. Communications may be sent to our Board of Directors, our Audit Committee or specific directors by regular mail to the attention of our Board of Directors, our Audit Committee or

specific directors, at our principal executive offices at 30142 Wixom Road, Wixom, Michigan 48393. All of these communications will be initially reviewed by our Secretary (1) to filter out communications that the Secretary deems are not appropriate for the directors, such as communications offering to buy or sell products or services, and (2) to sort and relay the remainder (unedited) to the appropriate directors.

Related Party Transactions

Pursuant to its charter, the Audit Committee is charged with monitoring and reviewing transactions and relationships involving independence and potential conflicts of interest with respect to our directors and executive officers. To the extent any such transactions are proposed, they would be subject to approval by the Board of Directors in accordance with applicable law and the NASDAQ Marketplace Rules, which require that any such transactions required to be disclosed in our proxy statement be approved by a committee of independent directors of our Board of Directors. In addition, our Code of Business Conduct and Ethics generally requires directors and employees to avoid conflicts of interest. There were no transactions since January 1, 2012, and there is no currently proposed transaction, in which the Company was or is to be a participant, the amount involved exceeded or will exceed \$120,000, and in which any director, executive officer, 5% shareholder of the Company or any immediate family member of any of such persons had or will have a direct or indirect material interest, except as described below.

SFP License

We are party to a license agreement, dated January 7, 2002, with Charak LLC and its owner, Dr. Ajay Gupta, for our SFP product that covers issued patents in the United States, the European Union and Japan, as well as patent and pending patent applications in other foreign jurisdictions. Dr. Gupta is our Chief Scientific Officer. The license agreement continues for the duration of the underlying patents in each country, or until August 14, 2016 in the United States and 2017 in Europe and Japan, and may be extended thereafter. If we are successful in obtaining FDA approval we may apply for an extension of our patent exclusivity for up to five years. The license agreement requires us to obtain and pay the cost of obtaining FDA approval of the SFP product in order to realize any benefit from commercialization of the product. In addition to funding safety pharmacology testing, clinical trials and patent maintenance expenses, we are obligated to make certain milestone payments and to pay ongoing royalties upon successful introduction of the product. In addition to payments made prior to Dr. Gupta joining us as an executive officer, the milestone payments include a payment of \$50,000 which will become due upon completion of Phase III clinical trials, a payment of \$100,000 which will become due upon FDA approval of the product and a payment of \$175,000 which will become due upon issuance of a reimbursement code covering the product. This agreement was negotiated on an arm's length basis before Dr. Gupta had any material relationship with us.

Warrant Extensions

In November 2012, the Company agreed with all of the holders of the warrants it issued on November 28, 2007 to purchase its common shares at \$7.18 per share to extend the expiration date from November 28, 2012 to January 28, 2013. In January 2013, the Company agreed to further extend the expiration date of such warrants to July 31, 2013. Both extensions were unanimously approved by the Board of Directors. There was no consideration given or received by the Company in connection with either extension and no other terms of the warrants were modified. David Hagelstein, who is the beneficial owner of more than 5% of the Company's outstanding common shares but not otherwise affiliated with the Company, owns 862,502 of these warrants.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Our Compensation Objectives

Our Compensation Committee is responsible for establishing and administering the policies governing compensation for our executive officers. The key objectives established by our compensation committee for our compensation program are to:

- a) Attract and retain superior caliber key executive personnel;
- b) Motivate and reward executives who are critical to our success; and
- c) Provide a competitive compensation package that aligns the interests of our management with the interests of our shareholders and encourages the creation of shareholder value.

In order to position the Company for its development as a specialty bio-pharmaceutical company and to meet the foregoing objectives, the Compensation Committee provides the executive officers with competitive short term cash compensation in the form of salary and bonus to attract and retain key personnel and provides appropriate long term compensation through equity-based compensation awards that align shareholder and management interests to motivate management to optimize shareholder value. References in this discussion to the named executive officers, or NEOs, are to the individuals listed in the Summary Compensation Table.

Basis for Our Compensation Structure

Our Board of Directors believes that the Company has a unique opportunity to create substantial shareholder value as an evolving specialty bio-pharmaceutical company. The Company's strategy to reposition itself as a specialty bio-pharmaceutical company developing high potential pharmaceuticals is a longer term, multi-year strategy. In order to execute on this strategy, we recognized the need to build our organizational structure and particularly the need for a broader management team with more diverse skills who could lead and direct our development efforts. An important element of this strategy was to develop a comprehensive and longer term compensation strategy for the executive team that would help us attract and retain quality leaders.

In early 2008, the Compensation Committee commissioned a study in anticipation of the future recruitment of key officers to lead and direct the Company's drug development efforts. Based on this study, prepared by management from publicly available data from over 230 biotech, specialty pharmaceutical and other medical device companies, the Compensation Committee determined appropriate compensation ranges for current and future executives in their respective positions relative to this peer review at that time. The companies included in the study represented a cross section of those companies in our industry that management believed were the most similarly situated to our current size and business or the size and business we expect to attain in the next few years based on the strategy described above. Due to the Company's unique position across these multiple segments and sectors, the Committee believes that this analysis provided a comprehensive and balanced perspective. The Company completed an updated compensation analysis in 2010 of approximately 50 life science companies and used this analysis as an additional background reference. This analysis included life science companies with market capitalization in the \$175 - \$350 million range. The Compensation Committee believes this range is appropriate for compensation planning purposes and is consistent with its expectations for the Company's valuation potential in the current compensation planning cycle. While the data from these studies were reviewed and considered by the Compensation Committee as general reference points in making informed judgments on executive compensation and competitive pay plans, and to provide perspective for developing competitive compensation opportunities, the Compensation Committee did not formally benchmark the compensation of

individual executives to any particular amount or range based upon such data. In making its evaluation, analysis and assessment of executive compensation, the Compensation Committee assesses other factors, including the executive's role or roles with the Company, the breadth of knowledge and skill the executive possesses, the executive's ability to influence the development of the business, demonstrated leadership in the executive's area of expertise, leadership continuity and executive retention and motivation as well as other factors that the Compensation Committee determines are important and relevant to the executive's compensation.

We also have in place the Amended and Restated 2007 Long Term Incentive Plan, which permits the Compensation Committee to award a wide variety of incentive awards, including equity-based awards in various forms such as stock options and restricted stock. The Committee uses equity-based awards under this plan to provide the NEOs with long term incentives intended to align their interests with shareholder value creation. The long term incentive compensation strategy has been to issue equity-related compensation primarily in the form of nonqualified stock options with vesting in installments over a three year period and an exercise price equal to the fair market value of our common shares on the grant date. Structured in this way, the options have value only to the extent our stock price increases during the ten year term of the options. The structure also encourages retention, as unvested portions of the options are forfeited upon termination of employment other than in connection with death, disability or change in control and vested portions must be exercised within an abbreviated time frame following termination. The phased three year vesting period retains the long term element of equity-based incentives while enabling earlier rewards if achievements result in a higher stock value. We have tended to grant proportionately more equity-based compensation than cash compensation in part because of its long term motivational aspects and also as a means of conserving our cash resources during this period of development and operational losses. The Compensation Committee makes situational assessments of both the timing and frequency of equity compensation awards based upon the developmental status and progress of the business in achieving its goals and objectives and input from management and typically makes the assessments and grants on an annual basis, but occasionally makes them more or less frequently based on specific development milestones and events.

The other aspects of our compensation program also reflect our preference to keep operating expenses to a minimum to conserve cash resources. The Company offers a 401(k) plan for individual retirement savings opportunities for executives, but the plan is non-contributory by the Company and we have no other pension or retirement plan or deferred compensation arrangement for our named executive officers. Personal savings and assets realized from long term equity incentives are expected to be the primary sources of assets to fund post retirement income for the management team.

The perquisites we offer our named executive officers are modest, as we believe our NEOs are fairly compensated through the other parts of the compensation package. The Company provides long term disability insurance for the NEOs at a nominal cost per covered executive. In addition, Mr. Chioini receives a vehicle allowance consistent with our historical practice since the Company's inception. The Compensation Committee believes this element helps to make his compensation package overall more competitive.

We have no employment, termination, severance or change in control agreements or arrangements with our NEOs at this time. We believe the equity-based awards held by the NEOs, which will vest upon a change in control, provide sufficient incentive for them to remain engaged should the Company be sold. The Compensation Committee may determine in the future that it is appropriate to enter into such agreements with the NEOs to accomplish the objectives set forth above.

In view of the substantial beneficial ownership of our common shares by our NEOs, we currently do not have any established stock ownership guidelines.

Key Elements of Compensation for 2012

In establishing cash and equity-based compensation, the Compensation Committee took into account a number of factors, including the compensation study data, the Company's business results and accomplishments, the unique skills and attributes of the executive in his leadership role, the respective importance of the executive's position and the executive's performance, contributions and leadership demonstrated. In this regard, the Compensation Committee relies on input from the chief executive officer regarding the performance of the other NEOs and its own assessment of the chief executive officer's performance. In light of the overwhelming shareholder support for our executive compensation practices expressed at last year's annual meeting through the advisory vote on compensation, the Compensation Committee maintained our existing compensation program and philosophy in 2012 but continues to review and evaluate executive compensation trends and practices and may modify the program or philosophy from time to time as it deems necessary or appropriate.

Salaries. In March 2012, based on the chief executive officer's recommendation, the Compensation Committee approved salary increases of approximately 8% for Mr. Chioini, 8% for Mr. Klema and 8% for Dr. Gupta in light of 2011 business results and accomplishments. Based on our 2010 compensation study, executive officers' salaries are estimated to be within a range of 10% of the median salaries for similar positions. While the Committee has not targeted a specific level for compensation in comparison to these studies, it believes current compensation levels are necessary in order to meet the key objectives of our compensation program. The Compensation Committee considered factors including experience, skills, knowledge, breadth of responsibility and effectiveness in executing the executive's functional role in determining salary levels. The chief executive officer was not present for the deliberations or voting by the Compensation Committee on the determination of the chief executive officer's compensation but did provide recommendations to the Committee with respect to compensation matters for the other executive officers.

Bonuses. Bonus potential for executive positions was set at 50% of base salary by the Compensation Committee for 2012. The Compensation Committee increased the bonus potential range from 25% of base salary in 2011 based on recognition of the high potential to develop and contribute to building shareholder value over the next several years and with the objective of making bonus compensation more competitive. The Compensation Committee believes it is important to recognize the opportunity for the executive team to create value for the shareholders and for the Compensation Committee to have the latitude to recognize achievement of business development goals and objectives. The Compensation Committee's objective is to align shareholder and management interests in longer term value creation, while, to a lesser degree, reward achievement of short term goals and objectives. The Compensation Committee also retained the flexibility of recognizing exceptional outcomes in development, job performance and value creation through supplemental discretionary bonuses separate from the targeted bonus levels. The proportion of the bonus potential to be awarded and whether to award any bonuses at all was based on the subjective judgment of the Compensation Committee based on its evaluation of the executive team's contributions during 2012 to the development of the Company and its progress toward meeting key objectives for the Company's growth and development and on informal input from the chief executive officer. The Compensation Committee has not yet determined whether to pay bonus awards for 2012 performance.

Equity Compensation. The Compensation Committee granted options to our current NEOs in January 2012 and June 2012. All grants were made on the terms included in our standard executive option grant form agreement. All awards have an exercise price equal to fair market value on the date of the award. The options become exercisable in equal installments over three years beginning on the first anniversary of the grant date and have a term of ten years. The amounts were recommended by the chief executive officer based on each NEO's level of responsibility, success at achieving strategic and business objectives and influence the NEO has had and is expected to have on creating or

increasing the value of our business. In determining whether to award option grants and the size of the equity awards to NEOs, the Compensation Committee also considered factors such as overall performance of the Company and the executive, progress toward stated objectives, contributions to overall corporate development as well as anticipated future contributions to corporate development, non-cash financial expense, tax implications of the equity awards and their potential to increase shareholder value. Dr. Pratt, who was hired in April 2012, received a grant of options shortly after his hiring based upon similar considerations and with his input as part of the negotiation of his initial compensation package but did not receive other grants during the year.

In order to facilitate our strategy of broadening our management team and recruiting life science executives to our Company, we determined last year to increase the number of shares subject to the Amended and Restated 2007 Long Term Incentive Plan. As discussed in this proxy statement under "Proposal to Approve Amendment to Amended and Restated 2007 Long Term Incentive Plan," the Board of Directors has determined to further increase the number of shares subject to that plan so that an adequate number of shares will continue to be available for grants to both current and newly hired executives in accordance with the program described above. The Compensation Committee approved grants in January 2013 to certain NEOs on the same terms as the 2012 grants.

The Compensation Committee made restricted stock grants in 2012 based on the overall progress in corporate development to Mr. Chioini, Dr. Gupta and Mr. Klema who were granted 100,000, 75,000 and 60,000 shares, respectively. The Compensation Committee selected a two year cliff vesting for these grants. The Compensation Committee believes that there is high potential to develop and increase shareholder value over this period. The Compensation Committee wants to provide incentive and to motivate senior management to optimize shareholder value during this critical development period and believes these incentives will provide alignment between shareholder and management objectives.

On May 14, 2012, with the approval of the Compensation Committee and the award holders, we further amended the terms of restricted stock awards issued in November 2008 to Mr. Chioini and Mr. Klema to postpone the vesting of the remainder of the awards (50,000 shares for Mr. Chioini and 25,000 shares for Mr. Klema) from May 15, 2012 to March 1, 2013. Similarly, in March 7, 2012, we amended the terms of restricted stock awards issued in August 2010 to Mr. Chioini, Mr. Klema, and Dr. Gupta so that the vesting of the portion of each award that was scheduled to vest on March 10, 2012 (50,000 shares for Mr. Chioini, 30,000 shares for Mr. Klema and 37,500 shares for Dr. Gupta) was postponed to August 6, 2012 and on July 31, 2012 we amended the terms of these same restricted stock awards to vest on March 8, 2013. The deferral of the vesting of these awards was determined to be in the best interests of the Company as the likely sale of shares by the award holders in order to fund tax liabilities resulting from the vesting of these awards may have resulted in an adverse impact on the market price of our common shares during time periods immediately preceding or following an equity offering of our common shares.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, restricts the deductibility of executive compensation paid to our chief executive officer and any of our four other most highly compensated executive officers at the end of any fiscal year to not more than \$1 million in annual compensation (including gains from the exercise of certain stock option grants). Qualifying performance-based compensation, including gains from option exercises, is exempt from this limitation if it complies with the various conditions described in Section 162(m) and the accompanying regulations. The Amended and Restated 2007 Long Term Incentive Plan contains provisions intended to cause compensation realized in connection with the exercise of options granted thereunder to be exempt from the Section 162(m) restrictions.

Our compensation program may result in payments from time to time that are subject to these restrictions on deductibility, but we do not believe the effect of these restrictions on us is currently material. It may be appropriate to exceed the limitation on deductibility to ensure that executive officers are compensated in a manner that is consistent with our best interests, the best interests of our shareholders and our executive compensation philosophy and objectives, and we reserve the authority to approve non-deductible compensation in appropriate circumstances.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on the Committee's review of, and the discussions with management with respect to, the Compensation Discussion and Analysis, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement, and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

COMPENSATION COMMITTEE:

Patrick J. Bagley
Ronald D. Boyd
Kenneth L. Holt

16

Summary Compensation Table

The following table summarizes compensation paid to or earned by the Company's executive officers who were serving as such at December 31, 2012, whom we refer to collectively as our NEOs, during the last three years.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus \$(a)	Stock Awards \$(b)	Option Awards \$(c)	All Other Compensation \$(d)	Total (\$)
Robert L. Chioini	2012	\$ 545,000	\$ 136,250	\$ 945,000	\$ 1,448,585	\$ 20,256	3,095,091
Chairman, President and Chief Executive Officer	2011	\$ 505,000	126,250		1,260,850	20,675	1,912,775
	2010	495,000	198,750	\$ 586,180	1,011,955	20,231	2,312,116
Thomas E. Klema	2012	325,000	81,250	567,000	566,735		1,539,985
Chief Financial Officer, Secretary and Treasurer	2011	301,000	75,250		504,340		880,590
	2010	295,000	73,750	351,708	475,644		1,196,102
Dr. Ajay Gupta(e)	2012	383,000	95,750	708,750	860,685		2,048,185
Chief Scientific Officer	2011	355,000	88,750		756,510		1,200,260
	2010	348,000	87,000	439,635	528,791		1,403,426
Dr. Raymond D. Pratt(f)	2012	212,308	49,750		775,800		1,037,858
Chief Medical Officer							

(a) These bonus amounts were approved by the Compensation Committee following the year end, but constitute compensation earned for services rendered in the year shown.

(b) The amounts reported in this column represent grant date fair values of restricted stock awards computed in accordance with FASB ASC Topic 718. These restricted stock awards were valued at the closing market price on the date of grant, or \$5.8618 per share for 2010 and \$8.73 per share for the 2012 grant.

(c) The amounts reported in this column represent grant date fair values of stock option grants made during such year determined using the Black Scholes option pricing model, excluding any forfeiture reserves. The assumptions used to determine fair value are set forth in the table below:

Year	Dividend Yield	Risk Free Rate	Volatility	Expected Life
2012	0.0%	0.8 - 1.2%	64 - 65%	6 years
2011	0.0%	1.1 - 2.3%	63 - 64%	6 years
2010	0.0%	1.8 - 2.8%	66%	6 years

(d) For Mr. Chioini, the amounts reported reflect payments made by the Company under its lease car program of \$17,092, \$16,935 and \$16,779, and premiums for long-term disability insurance of \$3,165, \$3,740 and \$3,452 in 2012, 2011 and 2010, respectively. The incremental cost to the Company of perquisites provided to the other NEOs did not exceed \$10,000 and, therefore, has been excluded pursuant to applicable SEC rules.

(e) Dr. Gupta joined the Company in June 2009.

(f) Dr. Pratt joined the Company in May 2012 at an annual base salary of \$345,000.

Grants of Plan-Based Awards

The NEOs received the equity-based awards set forth in the table below under the Amended and Restated 2007 Long Term Incentive Plan, or LTIP, during 2012.

Grants of Plan-Based Awards Table for 2012

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock and Option Awards (\$)
Robert Chioini	1/5/2012		225,000	\$ 10.04	1,322,775
	6/4/2012		25,000	\$ 8.73	125,810
	6/11/2012	100,000			945,000
Ajay Gupta	1/5/2012		125,000	\$ 10.04	734,875
	6/4/2012		25,000	\$ 8.73	125,810
	6/11/2012	75,000			708,750
Thomas Klema	1/5/2012		75,000	\$ 10.04	440,925
	6/4/2012		25,000	\$ 8.73	125,810
	6/11/2012	60,000			567,000
Raymond Pratt	5/1/2012		150,000	\$ 8.93	775,800

The option grants were made pursuant to terms stated in an option agreement adopted under the LTIP by the Compensation Committee. The option agreements provide that the options become exercisable in three equal annual installments beginning on the one year anniversary of the grant date as long as the grantee remains employed by us. The options become fully exercisable immediately upon (i) the grantee's death or permanent disability or (ii) upon a "change in control" (as defined in the LTIP). The Compensation Committee has the right to accelerate vesting or extend the time for exercise. The exercise price of the options is the fair market value per share of our common shares on the grant date as determined under the LTIP. The grantee may pay the exercise price in cash, with previously acquired shares that have been held at least six months or pursuant to a broker-assisted cashless exercise method. The stock options will expire 10 years after the grant date and will immediately terminate to the extent not yet exercisable if the grantee's employment with us is terminated for any reason other than death or disability. If the grantee's employment is terminated other than due to death or disability on or after the date the options first become exercisable, then the grantee has the right to exercise the option for three months after termination of employment to the extent exercisable on the date of termination. If the grantee's employment terminates due to death or disability, the grantee or the grantee's estate has the right to exercise the option at any time during the remaining term to the extent it was not previously exercised. The option agreement also provides that options issued to the grantee may not be transferred by the grantee except pursuant to a will or the applicable laws of descent and distribution or transfers to which the Compensation Committee has given prior written consent. Until the issuance of common shares pursuant to the exercise of stock options, holders of stock options granted under the option agreement have no rights of holders of our common shares.

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

The restricted stock grants were made under the LTIP pursuant to terms stated in a restricted stock award agreement adopted under the LTIP by the Compensation Committee. The restricted stock award agreements provide that, so long as the grantee remains employed by us, the restricted stock fully vests upon the earlier of (i) on the second anniversary of the grant date (ii) subject to the right of the Compensation Committee to declare otherwise, a "change in control" (as defined in the LTIP). If the grantee's employment is terminated for any reason prior to the restricted stock becoming fully vested, the grantee forfeits the restricted stock, unless otherwise determined by the Compensation Committee. The restricted stock agreement also provides that restricted stock issued to the grantee may not be transferred by the grantee in any manner prior to vesting. Grantees otherwise have all rights of holders of our common shares, including voting rights and the right to receive dividends. Restricted stock grants made prior to 2012 vested in two installments, one-half on the 18 month anniversary of the grant date and the remainder on the three year anniversary of the grant date, but otherwise have the same terms.

On May 14, 2012, with the approval of the Compensation Committee and the award holders, we further amended the terms of restricted stock awards issued in November 2008 to Mr. Chioini and Mr. Klema to postpone the vesting of the remainder of the awards (50,000 shares for Mr. Chioini and 25,000 shares for Mr. Klema) from May 15, 2012 to March 1, 2013. Similarly, in March 7, 2012, we amended the terms of restricted stock awards issued in August 2010 to Mr. Chioini, Mr. Klema, and Dr. Gupta so that the vesting of the portion of each award that was scheduled to vest on March 10, 2012 (50,000 shares for Mr. Chioini, 30,000 shares for Mr. Klema and 37,500 shares for Dr. Gupta) was postponed to August 6, 2012 and on July 31, 2012, we further amended the terms of these same restricted stock awards to vest on March 8, 2013.

A "change in control" is generally defined in the LTIP as any of the following events:

(i) If the Company consolidates with or merges into any other corporation or other entity and is not the continuing or surviving entity of such consolidation or merger;

(ii) If the Company permits any other corporation or other entity to consolidate with or merge into the Company and the Company is the continuing or surviving entity but, in connection with such consolidation or merger, the common shares are changed into or exchanged for stock or other securities of any other corporation or other entity or cash or any other assets;

(iii) If the Company dissolves or liquidates;

(iv) If the Company effects a share exchange, capital reorganization or reclassification in such a way that holders of common shares shall be entitled to receive stock, securities, cash or other assets with respect to or in exchange for the common shares;

(v) If any one person, or more than one person acting as a group, acquires ownership of common shares possessing 35% or more of the total voting power of the common shares;

(vi) If a majority of members on the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(vii) If there is a change in the ownership of a substantial portion of the Company's assets, which shall occur on the date that any one person, or more than one person acting as a group acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

The table below shows the value of the unvested options and restricted stock that would have become vested at December 31, 2012 if a change in control had occurred on such date or, in the case of options, if the named executive officers' employment had terminated on such date due to death or

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

disability. The value is based upon the closing price on December 31, 2012 and, in the case of options, the spread between such price and the exercise price of the options that would have become exercisable.

Name	Change in Control	Death or Disability
Robert Chioini	\$ 2,131,439	\$ 118,939
Ajay Gupta	1,225,900	18,400
Thomas Klema	1,229,414	62,164

Raymond Pratt

Employment Agreements

Each of our executive officers is employed at will, and we have no employment, termination or change in control agreements with our executive officers. We do not pay any benefits to our executive officers under any plan that provides for retirement benefits or payments in connection with resignation, retirement or other termination, except as described above with respect to restricted shares and stock options or as the Board or the Compensation Committee may determine at the time of any such termination.

Outstanding Equity Awards At Fiscal Year-End

The following table shows certain information regarding outstanding equity awards at December 31, 2012 for the NEOs.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested (\$)(j)
Robert Chioini(k)	300,000		1.81	6/18/2013		
	25,000		3.06	9/17/2013		
	105,000		4.05	1/13/2014		
	335,000		2.79	12/22/2014		
	375,000		4.55	12/15/2015		
	250,000		6.50	12/17/2017		
	75,000		6.50	04/03/2018		
	175,000		3.09	11/19/2018		
	225,000		6.74	6/18/2019		
	100,000	50,000(a)	7.13	1/15/2020		
	66,667	33,333(b)	5.8618	8/13/2020		
	83,333	166,667(c)	8.47	1/11/2021		
		225,000(d)	10.04	1/5/2022		
		25,000(e)	8.73	6/4/2022		
					250,000(g)	\$ 2,012,500
Thomas Klema	150,000		1.81	6/18/2013		
	25,000		3.06	9/17/2013		
	85,000		4.05	1/13/2014		
	115,000		2.79	12/22/2014		
	187,500		4.55	12/15/2015		
	175,000		6.50	12/17/2017		
	80,000		3.09	11/19/2018		
	125,000		6.74	6/18/2019		
	40,000	20,000(a)	7.13	1/15/2020		
	40,000	20,000(b)	5.8618	8/13/2020		
	33,333	66,667(c)	8.47	1/11/2021		
		75,000(d)	10.04	1/5/2022		
		25,000(e)	8.73	6/4/2022		
					145,000(h)	\$ 1,167,250
Ajay Gupta	200,000		\$ 6.74	6/18/2019		
	40,000	20,000(a)	7.13	1/15/2020		
	50,000	25,000(b)	5.8618	8/13/2020		
	50,000	100,000(c)	8.47	1/11/2021		
		125,000(d)	10.04	1/5/2022		
		25,000(e)	8.73	6/4/2022		
					150,000(i)	\$ 1,207,500
Raymond Pratt		150,000(f)	8.93	5/1/2022		

- (a) These options vest in three equal annual installments beginning January 15, 2011. The options would become immediately exercisable upon death, disability or a change in control.
- (b) These options vest in three equal annual installments beginning August 13, 2011. The options would become immediately exercisable upon death, disability or a change in control.
- (c)

These options vest in three equal annual installments beginning January 11, 2012. The options would become immediately exercisable upon death, disability or a change in control.

Edgar Filing: ROCKWELL MEDICAL, INC. - Form DEF 14A

- (d) These options vest in three equal annual installments beginning January 5, 2013. The options would become immediately exercisable upon death, disability or a change in control.
- (e) These options vest in three equal annual installments beginning June 4, 2013. The options would become immediately exercisable upon death, disability or a change in control.
- (f) These options vest in three equal annual installments beginning May 1, 2013. The options would become immediately exercisable upon death, disability or a change in control.
- (g) 50,000 of these shares vest on each of March 1, 2013, March 8, 2013 and August 13, 2013 and 100,000 vests on June 4, 2014 or immediately upon a change in control.
- (h) 25,000 of these shares vest on March 1, 2013, 30,000 vest on each of March 8, 2013 and August 13, 2013 and 60,000 on June 4, 2014, and all vest immediately upon a change in control.
- (i) 37,500 of these shares vest on each of March 8, 2013 and August 13, 2013 and 75,000 vests on June 4, 2014, or immediately upon a change in control.
- (j) Value was determined by multiplying the number of shares that have not vested by the closing price of our common shares as of December 31, 2012 (\$8.05).
- (k) 143,000 of the options subject to a grant with a \$0.55 per share exercise price expiring in December 2012 were transferred during 2012 pursuant to a 2007 domestic relations order.

Option Exercises and Stock Vested

The following table provides information with respect to options exercised by the NEOs during 2012. No shares of restricted stock held by the NEOs vested during 2012.

Option Exercises and Stock Vested for 2012

Name	Option Awards	
	Number of Shares Acquired On Exercise(#)	Value Realized on Exercise (\$)
Robert Chioini		
Thomas Klema	68,000	\$ 319,600
Ajay Gupta		
Raymond Pratt		

Director Compensation

In 2012, non-employee directors of the Company did not receive any cash compensation. No fees were paid for attendance at any Board or committee meetings, but the non-employee directors were reimbursed for their expenses incurred in attending Board and committee meetings in accordance with Company policy.

The non-employee directors are eligible to receive grants under the LTIP. The making of any such grants and the terms of such grants are determined by the Compensation Committee. On January 5, 2012, each non-employee director was granted options to purchase 25,000 common shares at an exercise price equal to the closing market price on the grant date (\$10.04). The options vest in three equal annual installments beginning one year after the date of grant and expire ten years after the date of grant. The amount in the table below represents the grant date fair value of such grants determined in accordance with FASB ASC Topic 718 using the Black Scholes option pricing model, excluding any forfeiture reserves. We assumed a dividend yield of 0.0%, risk free interest rate of 1.2%, volatility of 65% and expected lives of 6 years.

2012 Director Compensation

Name	Option Awards (\$)(a)	Total (\$)
Patrick J. Bagley	146,975	146,975
Kenneth L. Holt	146,975	146,975
Ronald D. Boyd	146,975	146,975

(a)

The following table shows certain information regarding outstanding equity awards at December 31, 2012 for the non-employee directors.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	
Ronald D. Boyd	25,000		\$ 1.81	6/18/2013	
	25,000		3.06	9/17/2013	
	10,000		4.05	1/13/2014	
	25,000		2.79	12/22/2014	
	25,000		4.55	12/15/2015	
	50,000		6.50	12/17/2017	
	25,000		3.09	11/19/2018	
	25,000		6.74	6/18/2019	
	16,667	8,333	7.13	1/15/2020	
	16,667	8,333	5.8618	8/13/2020	
	16,667	33,333	8.47	1/11/2021	
		25,000	10.04	1/5/2022	
Kenneth L. Holt	25,000		\$ 3.06	9/17/2013	
	10,000		4.05	1/13/2014	
	25,000		4.55	12/15/2015	
	50,000		6.50	12/17/2017	
	25,000		3.09	11/19/2018	
	25,000		6.74	6/18/2019	
	16,667	8,333	7.13	1/15/2020	
	16,667	8,333	5.8618	8/13/2020	
	16,667	33,333	8.47	1/11/2021	
		25,000	10.04	1/5/2022	
	Patrick J. Bagley	25,000		\$ 4.55	12/15/2015
		50,000		6.50	12/17/2017
25,000			3.09	11/19/2018	
25,000			6.74	6/18/2019	
16,667		8,333	7.13	1/15/2020	
16,667		8,333	5.8618	8/13/2020	
16,667		33,333	8.47	1/11/2021	
		25,000	10.04	1/5/2022	

PROPOSAL TO APPROVE AMENDMENT TO THE ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED COMMON SHARES AND MAKE RELATED CHANGES

The Board of Directors is seeking approval of an amendment to Article III of our Restated Articles of Incorporation to increase the number of authorized common shares from 40,000,000 to 120,000,000 shares. Our Board approved the amendment on February 13, 2013, subject to shareholder approval.

Article III of our Restated Articles of Incorporation presently authorizes the issuance of 40,000,000 common shares. As of March 6, 2013, 21,559,138 common shares were issued and outstanding; outstanding options warrants to acquire 8,187,440 common shares and 559,665 common shares were available for future grants pursuant to our 2007 Long Term Incentive Plan, or LTIP.

The Board of Directors believes that it is advisable to have additional authorized common shares available to give us the ability to react quickly to opportunities to raise capital inexpensively and to quickly address liquidity needs that may arise. The Company is actively seeking additional financing and will likely need to raise additional capital this year. See the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for a description of our capital position at December 31, 2012. Portions of the Form 10-K are incorporated herein by reference.

Having available common shares for sale or to support issuances of equity and equity-based securities is critical to the Company's ability to fill its needs for additional capital. The Board of Directors believes that it is in the best interests of the shareholders to have additional authorized but unissued common shares available to provide flexibility to use our common shares for business and financial purposes in the future. The additional authorized common shares may be used for various purposes including raising capital, making equity grants to directors, officers and employees, pursuing business development opportunities, making acquisitions or expanding our business and products. Although we are currently seeking additional capital, we do not currently have any specific commitments for issuing the newly authorized shares in a capital raising transaction or otherwise. If the Proposal is approved, the newly authorized shares would be available for issuance without further shareholder approval, except where required by applicable law or Nasdaq Stock Market rules. We do not anticipate seeking shareholder approval for future issuances except as required by applicable law or Nasdaq Stock Market rules.

In connection with the Company's capital raising efforts, in order to accommodate the Company's urgent need to issue more shares than were unissued and unreserved for issuance, the directors and executive officers have indicated their willingness to waive their rights to exercise up to 4,997,500 stock options that expire in 2015 and thereafter until such time as the Restated Articles of Incorporation are amended to increase the authorized common shares by at least 5,000,000 shares. The directors and executive officers would receive no other consideration for these waivers. The affected options are set forth in the table below.

Name	Options
Robert L. Chioini	2,100,000
Thomas E. Klema	987,500
Dr. Ajay Gupta	785,000
Raymond D. Pratt	300,000
Officer Total	4,172,500
Ronald D. Boyd	275,000
Kenneth L. Holt	275,000
Patrick J. Bagley	275,000
Director Total	825,000
Total Options	4,997,500

The Company and the option holders could reduce the number of options subject to any such waivers or terminate the waivers entirely if the number of shares issued or to be issued in connection with the Company's capital raising activities does not exceed the number of authorized but unissued common shares less the common shares that may be issued pursuant to outstanding options and warrants and the common shares available for future grants under the LTIP. In addition, the Board of Directors could determine not to make further grants under the LTIP until such time as the Restated Articles of Incorporation are amended to increase the authorized common shares, subject to change to the extent the Board determines the common shares available for future grants under the LTIP are not needed for the Company's capital raising activities. As a result, if the proposed amendment is not approved by shareholders, directors and executive officers may be unable to exercise these options and the Compensation Committee may be unable to make further grants under the LTIP until the Board approves another proposed amendment to the Restated Articles of Incorporation to increase the number of authorized shares and the Company's shareholders subsequently approve the amendment.

All of the additional authorized common shares resulting from approval of the proposed amendment would be of the same class with the same dividend, voting and liquidation rights as the common shares presently outstanding. Article III would also be modified to make clear that each common share is entitled to one vote, as provided by Michigan law. Shareholders have no preemptive rights if we issue additional shares of any class and shareholders would not acquire preemptive rights with respect to the additional authorized common shares if the amendment is approved. The issuance of additional common shares could dilute the voting rights, equity and earnings per share of existing shareholders.

Our authorized capital stock also includes 3,416,664 shares of preferred stock, none of which are currently outstanding and 2,000,000 shares of which are available for issuance. The proposed amendment would eliminate the obsolete description of the previously issued class of preferred stock and eliminate the 1,416,664 shares previously subject to that series from Article III, so that the authorized shares amount in the articles accurately reflects the number of shares available for issuance.

The proposed amendment is not intended as an anti-takeover provision and we are not aware of any attempt to take control of the Company. However, an increase in the authorized number of common shares and subsequent issuance of common shares could have the effect of delaying, preventing or discouraging a change in control of the Company without further action by shareholders. Common shares could (within the limits imposed by applicable law) be issued in one or more transactions which would make a change in control of the Company more difficult, and therefore less likely. The issuance of additional common shares could also dilute the ownership interest and voting power of any shareholder who might seek control of the Company.

If the proposed amendment is approved, Article III of the Restated Articles of Incorporation, as previously amended, would be amended and restated in its entirety to read as follows:

ARTICLE III

The total authorized shares:

1.
 - Common Shares: 120,000,000
 - Preferred Shares: 2,000,000
2. A statement of any of the relative rights, preferences and limitations of the shares of each class as follows:
 - (a) All holders of common shares shall have equal rights, preferences and limitations, including equal voting rights, and each holder of common shares is entitled to one vote per share.
 - (b) The rights, preferences and limitations of the preferred shares shall be as determined by the Board of Directors pursuant to Article VIII.

**PROPOSAL TO APPROVE AMENDMENT OF
AMENDED AND RESTATED 2007 LONG TERM INCENTIVE PLAN**

The Board of Directors is seeking approval of an amendment to the Amended and Restated 2007 Long Term Incentive Plan that will increase the total number of common shares subject to the LTIP from 6,250,000 to 7,750,000 shares. Our Board of Directors and our shareholders have approved the LTIP as amended to date. Our Board approved the proposed amendment on February 13, 2013, but the proposed amendment will not be implemented unless approved by shareholders. A copy of the LTIP as amended has been filed with the SEC as an appendix to this proxy statement and is available for review through our investor relations website at www.rockwellmed.com/invest.htm, and from the SEC at www.sec.gov. We suggest that you read the amended and restated LTIP in its entirety. The purpose of the LTIP is to encourage our employees, directors and consultants to own common shares and align their interests with those of shareholders. We believe that the LTIP enhances our ability to attract, motivate and retain qualified employees, directors and consultants, and encourages strong performance. Also, as part of our strategic plan to expand our product offerings and to bring our SFP product to market, we intend to continue recruiting life science executives to our Company. As a result, we believe that adding additional shares to the LTIP to facilitate future grants in furtherance of these goals is in our and our shareholders' best interests. Other than the increase in the number of shares subject to the LTIP, the LTIP is not otherwise being modified. There were 559,665 shares remaining available for future grants under the LTIP as of March 6, 2013.

In order to make more shares available for issuance in connection with the Company's capital raising activities, the Board of Directors could determine not to make further grants under the LTIP until such time as the Restated Articles of Incorporation are amended to increase the authorized common shares, subject to change to the extent the Board determines the common shares available for future grants under the LTIP are not needed for the Company's capital raising activities. As a result, if the proposed amendment to the Restated Articles of Incorporation is not approved by shareholders, it is possible that further grants may not be made under the LTIP, even if the proposed amendment to the LTIP is approved, until a subsequent proposal to increase the authorized common shares is approved by the Board and by Company shareholders.

Shares Available For Grant and Options/Warrants Outstanding

The following information is provided as of December 31, 2012 with respect to our existing compensation plans, including individual compensation arrangements, under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,989,200	\$ 5.95	1,284,665
Equity compensation plans not approved by security holders	291,000	\$ 9.28	
Total	6,280,200	\$ 6.10	1,284,665

In 2007, 2008, 2009 and 2010, we issued warrants to purchase common shares pursuant to compensation arrangements with various non-employee consultants who provide (or provided) services to us, including providing investor relations consulting services and introducing the Company to

potential licensing partners and acquisition candidates and acting as a liaison to the equity investment community. These were not issued under a preexisting plan and shareholder approval for these transactions was not required or sought. The exercise price and the number of shares of common stock purchasable upon exercise of the warrants are subject to adjustment in certain events including: (a) a stock dividend payable in common stock, stock split, or subdivision of our common stock; and (b) reclassification of our common stock or any reorganization, consolidation, merger, or sale, lease, license, exchange or other transfer of all or substantially all of the business and/or assets of the Company.

On November 28, 2007, we entered into an agreement pursuant to which we issued warrants to acquire 80,000 common shares at an exercise price of \$10.00 per share, exercisable for cash at any time during the period from November 28, 2008 to November 28, 2013 (as amended). The common shares underlying these warrants have been registered for resale by the holder under the Securities Act of 1933.

On May 28, 2008, we entered into an advisory agreement pursuant to which we issued warrants to acquire 100,000 common shares. The warrants were immediately earned and became exercisable on May 28, 2009. The warrants would have expired on May 28, 2012. The warrants had an exercise price of \$9.00 per share and may be exercised on a cashless basis or for cash. The common shares underlying these warrants have been registered for resale by the holder under the Securities Act of 1933. During 2010, we agreed to extend the term and revise the exercise price of these warrants in consideration for additional services. The exercise price of these warrants was reduced to \$8.00 from \$9.00 and their term extended by one year to May 28, 2013.

On March 8, 2010, we entered into an advisory agreement pursuant to which we issued warrants to acquire 20,000 common shares. The warrants were issued as compensation for investor relations consulting services. The advisory agreement was scheduled to terminate on December 31, 2010 but could be terminated by either party upon 30 days prior written notice. The warrants were to be earned in 5,000 share increments on March 8, 2010, April 1, 2010, July 1, 2010, and October 1, 2010. The warrants became exercisable on March 8, 2011 and expired on March 8, 2013. Upon a termination of the advisory agreement (A) by us due to a material breach of the agreement by RJ Aubrey or (B) by RJ Aubrey, any unearned warrants at the time of such termination would expire. The warrants have an exercise price of \$6.14 per share. Once exercisable, the warrants may be exercised in whole or in part at any time until their expiration by the submission of an exercise notice accompanied by payment of the exercise price in cash or certified check or by cashless exercise. The agreement was terminated prior to the final installment being earned, such that only 15,000 of the warrants became earned.

On September 1, 2010, we issued 5,000 warrants with an exercise price of \$8.00 as consideration for services. The warrants became exercisable on September 1, 2011 and may be exercised in whole or in part at any time until their expiration by the submission of an exercise notice accompanied by payment of the exercise price in cash or certified check or by cashless exercise. The warrants will expire on May 28, 2013.

Grants Previously Made Under the LTIP

The following table sets forth, as of the record date, the number of shares subject to options granted under the LTIP to each of our executive officers, all current executive officers as a group, all non-employee directors (two of whom are also director-nominees) as a group and all employees (other than executive officers) as a group, including the contingent grants set forth above. No options have been granted under the LTIP to associates of our directors or executive officers and no one other than

the executive officers listed in the table below have individually received more than 5% of the options granted under the LTIP.

Option Recipient	Number of Options Granted Under LTIP
Robert Chioini	1,475,000
Thomas Klema	700,000
Ajay Gupta	635,000
Raymond Pratt	150,000
All current executive officers as a group	2,960,000
All current directors who are not executive officers as a group	675,000
All other employees as a group(a)	1,023,000

(a) 439,332 of these options have been forfeited and were made available for future grants.

There have also been grants of restricted stock totaling 300,000 shares to Mr. Chioini, 170,000 shares to Mr. Klema and 150,000 shares to Dr. Gupta under the LTIP since its inception.

Any future benefits or amounts that would be received under the LTIP by directors, executive officers and other employees are discretionary and are therefore not determinable at this time. While additional awards may be made during 2013, no specific awards are planned or contemplated under the LTIP at this time.

Description of LTIP

Shares Subject to the LTIP

Our LTIP currently provides for the issuance of up to an aggregate of 6,250,000 common shares. If the amendment of the LTIP is approved by shareholders, that amount would increase to 7,750,000. If an award is exercised or withheld to satisfy tax liabilities through tendering of shares or withholding of shares by the Company, we will count only the number of shares issued net of the shares tendered or withheld against the LTIP issuance limit. If any shares awarded under the LTIP are forfeited, cancelled, expire or otherwise terminate, the underlying common shares become available again under the LTIP. To prevent dilution or enlargement of the rights of participants under the LTIP, appropriate adjustments will be made by the Compensation Committee if any change is made to our outstanding common shares by reason of any merger, reorganization, consolidation, recapitalization, dividend or distribution, stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting our common shares or its value.

Participants

All employees, directors and certain consultants who are selected by the Compensation Committee in its sole discretion from time to time are eligible to participate in the LTIP. Approximately 280 employees and 3 non-employee directors are currently eligible to participate in the LTIP. The Compensation Committee may condition the grant of an award to an individual under the LTIP by requiring that the individual become an employee, director or consultant; provided, however, that the award is deemed granted as of the date that the individual becomes an employee, director or consultant.

Administration

The LTIP is administered by the Compensation Committee, or any other committee or sub-committee of the Board designated by the Board from time to time. We refer to the committee

administering the LTIP as the Committee in this proxy statement. The Committee has the power to select participants who will receive awards, to make awards under the LTIP and to determine the terms and conditions of awards (subject to the terms and conditions of the LTIP). The Compensation Committee also has broad power to, among other things, interpret the terms of the LTIP and establish rules and regulations for the administration of the LTIP. In the case of awards designated as awards under Section 162(m) of the Code, the Committee's power to take certain actions will be limited by Section 162(m).

Except in connection with certain corporation transactions or distributions, the Committee and the Board are not permitted to cancel outstanding options or stock appreciation rights and grant new awards as substitutes under the LTIP or amend outstanding options or stock appreciation rights to reduce the exercise price below the fair market value of the common shares on the original grant date without shareholder approval.

Types of Plan Awards and Limits

The Committee may grant stock options, stock appreciation rights, restricted stock, restricted stock units and performance-based cash or stock awards under the LTIP. The terms of each award will be set forth in a written agreement with the recipient.

Stock Options. The Committee may grant incentive stock options and nonqualified stock options. No option may be exercised after the tenth anniversary of the date the option was granted. The exercise price of any option granted under the LTIP may not be less than the fair market value of our common shares on the grant date. As of the record date, the closing sale price per share of our common shares was \$4.39. Payment upon exercise may be made (1) by cash or check, (2) by delivery of our common shares that have been held at least six months, (3) pursuant to a broker assisted cashless exercise, (4) by delivery of other consideration approved by the Committee with a fair market value equal to the exercise price or (5) by other means determined by the Committee. A payment method involving delivery or withholding of common shares may not be used if it would violate applicable law or would result in adverse accounting consequences for us.

Options constituting incentive stock options may be granted only to employees of the Company. The aggregate market value of the shares underlying the portion of incentive stock options held by the recipient that become exercisable, based on the value of the shares on the grant date, may not exceed \$100,000 during a calendar year. In addition, in the event that the recipient is a more than 10% shareholder of the Company, the exercise price of incentive stock options may not be less than 110% of the fair market value of the common shares on the grant date, and the options may not be exercised more than five years after the grant date. Incentive stock options may be granted for up to the total number of common shares available for grants under the LTIP.

Stock Appreciation Rights. The Committee may grant stock appreciation rights pursuant to such terms and conditions as the Committee determines. No stock appreciation right may be granted with a term of more than ten years from the grant date. The exercise price may not be less than the fair market value of the common shares on the grant date. Upon exercise of a stock appreciation right, the participant will have the right to receive the excess of the aggregate fair market value of the underlying shares on the exercise date over the aggregate exercise price for the portion of the right being exercised. Payments may be made to the holder in cash or common shares as specified in the grant agreement.

Restricted Stock and Restricted Stock Units. The Committee may grant shares of restricted stock and restricted stock units pursuant to such terms and conditions as the Committee determines. The restricted stock and restricted stock units will be subject to restrictions on transferability and alienation and other restrictions as the Committee may impose. The Committee may require payment of

consideration for restricted stock granted under the LTIP, which may be payable in cash, stock or other property. Recipients of issued and outstanding restricted stock otherwise have the same rights as other shareholders, including all voting and dividend rights. Recipients of restricted stock units may receive dividend equivalent rights at the Committee's discretion. Restricted stock units are payable in common shares or cash as of the vesting date.

Performance Awards. The Committee may grant performance awards on terms and conditions that the Committee determines. Performance awards consist of the right to receive cash, common shares or other property. The written agreement for each grant will specify the performance goals, the period over which the goals are to be attained, the payment schedule if the goals are attained and other terms as the Committee determines. In the case of performance shares, the participant will have the right to receive legended stock certificates subject to restrictions on transferability. To the extent these shares are issued and outstanding, a participant will be entitled to vote those shares prior to satisfaction of the performance goals, and any dividends received will be reinvested in additional performance shares. In the case of performance units, the participant will receive an agreement that specifies the performance goals that must be satisfied prior to the Company issuing payment, which may be cash, common shares or other property.

Annual Incentive Awards. The Committee may grant annual incentive awards on terms and conditions that the Committee determines. The determination for granting annual incentive awards may be based on the attainment of performance levels of the Company as established by the Committee. Annual incentive awards will be paid in cash, common shares or other property and will equal a percentage of the participant's base salary for the fiscal year, a fixed dollar amount or some other formula determined by the Committee. Payments will be made within two and a half months after the end of the fiscal year in which the award is earned, but only after the Committee determines that the performance goals were attained.

Code Section 162(m) Performance Measure Awards. The Committee may designate that any award in the form of restricted stock, restricted units, performance shares, performance units or annual incentive awards be granted as a Code Section 162(m) award. As a result, such grants will be subject to certain additional requirements intended to satisfy the exemption for performance-based compensation under Code Section 162(m). The performance criteria will be one or more of the following objective performance goals, either individually, alternatively or in any combination, applied to either the Company as a whole or to a subsidiary, either individually, alternatively, or in any combination, and measured over a designated performance period, in each case as specified by the Committee in the award: earnings (as measured by net income, gross profit, operating income, operating income before interest, EBIT, EBITA, EBITDA, pretax income, or cash earnings, or earnings as adjusted by excluding one or more components of earnings, including each of the above on a per share and/or segment basis); sales/net sales; return on net sales (as measured by net income, gross profit, operating income, operating income before interest, EBIT, EBITA, EBITDA, pre-tax income, operating cash flow or cash earnings as a percentage of net sales); sales growth; gross profit margins; cash flow; operating cash flow; free cash flow; discounted cash flow; working capital; market capitalization; cash return on investment; return on capital; return on cost of capital; shareholder value; return on equity; total shareholder return; return on investment; economic value added; return on assets; net assets; stock trading multiples (as measured against investment, net income, gross profit, operating income, operating income before interest, EBIT, EBITA, EBITDA, pre-tax income, cash earnings or operating cash flow); stock price; total stock market capitalization; attainment of strategic or operational initiatives; and achievement of operational goals, including but not limited to obtaining FDA approval to market new products, development of new markets or market segments, implementation of infrastructure improvements and increasing the Company's portfolio of intellectual property.

Subject to the adjustment provisions described above, the LTIP limits grants to any one participant in any one fiscal year to 250,000 options or stock appreciation rights, 100,000 restricted stock or restricted stock units, 100,000 performance awards and 100,000 annual incentive awards. The LTIP further limits the dollar value payable to any one participant in any one fiscal year on restricted stock units, performance awards or annual incentive awards valued in property other than common shares to the lesser of \$2 million or four times the participant's base salary (or if the participant is a director or consultant, the participant's total cash compensation) in the fiscal year. These limitations are intended to comply with requirements of Section 162(m) of the Code.

Termination of Employment or Services

Options and Stock Appreciation Rights. Unless otherwise provided in the related grant agreement, if a participant's employment or services are terminated for any reason prior to the date that an option or stock appreciation right becomes vested, the right to exercise the option or stock appreciation right terminates and all rights cease unless otherwise provided in the grant agreement. If an option or stock appreciation right becomes vested prior to termination of employment or services for any reason other than death or disability, then the participant has the right to exercise the option or stock appreciation right to the extent it was exercisable upon termination before the earlier of three months after termination or the expiration of the option or stock appreciation right unless otherwise provided in the related grant agreement. If termination is due to the participant's death or disability, then the participant or his or her estate may exercise the option or stock appreciation right to the extent it was exercisable upon termination until its expiration date, subject to any limitations in the grant agreement. The Committee may, in its discretion, accelerate the participant's right to exercise an option or extend the option term, subject to any other limitations.

Restricted Stock and Restricted Stock Units. If a participant's employment or services are terminated for any reason, the restricted shares are generally forfeited to the Company (subject to a refund by the Company of any purchase price paid by the participant). The Committee, however, may provide, in its sole discretion, in the participant's agreement that restricted stock or restricted stock units will continue after termination of employment or services. The Committee may also waive any restrictions in its sole discretion except for restrictions on a Code Section 162(m) award. However, the Committee may, for Code Section 162(m) awards, deem restrictions and performance goals satisfied if a participant's employment or services terminate due to death or disability.

Performance Awards. Performance awards expire and are forfeited upon termination of a participant's employment or services for any reason. The Committee, however, in its sole discretion, may provide in the grant agreement or otherwise for a continuation of the award after termination or waive any conditions or restrictions for such awards. The Committee may not waive any restrictions or conditions on Code Section 162(m) awards, but it may deem restrictions and conditions satisfied in the event a participant's employment or services terminate due to death or disability.

Annual Incentive Awards. If a participant's employment or services are terminated due to disability or death prior to the end of the Company's fiscal year, the participant, or his or her estate, is entitled to a pro-rata payment of the annual incentive award, which will be paid at the same time as regular annual incentive awards are paid. Unless otherwise determined by the Committee, if a participant's employment or services are terminated for any reason other than death or disability, he or she forfeits the right to the annual incentive award for that fiscal year.

Limitations on Transfer of Awards

No award under the LTIP may be transferable other than by will or the laws of descent and distribution. Stock options and stock appreciation rights may only be exercised by the participant during his or her lifetime. However, a participant may assign or transfer an award, other than an incentive

stock option, with the consent of the Committee. All common shares subject to an award will contain a legend restricting the transferability of the shares pursuant to the terms of the LTIP, which can be removed once the restrictions have terminated, lapsed or been satisfied.

Termination and Amendment

No new awards may be granted under the LTIP on or after April 11, 2017. The Board may terminate or amend the LTIP or the granting of any awards under the LTIP at any time and the Committee may amend the terms of outstanding awards, but shareholder approval will be required for any amendment that materially increases benefits under the LTIP, increases the common shares available under the LTIP (except pursuant to the adjustment provisions of the LTIP), changes the eligibility provisions or modifies the LTIP in a manner requiring shareholder approval under any applicable stock exchange rule. An amendment to the LTIP will not, without the consent of the participant, adversely affect the participant's outstanding awards except to qualify the awards for exemption under Section 409A of the Code, bring the LTIP into compliance with Section 409A of the Code, or as provided in the grant agreement.

Change in Control of the Company

Awards under the LTIP are generally subject to special provisions upon the occurrence of a change in control transaction of the kind described in the LTIP. Under the LTIP, the Committee may provide in a grant agreement or otherwise that upon a change in control transaction (i) all outstanding options or stock appreciation rights immediately become fully vested and exercisable; (ii) any restriction period on any common shares immediately lapse and the shares become freely transferable; (iii) all performance goals are deemed to have been satisfied and any restrictions on any performance award immediately lapse and the awards become immediately payable; (iv) all performance measures are deemed to have been satisfied for any outstanding annual incentive award, which immediately become payable; or (v) awards may be treated in any other way as determined by the Committee. The Committee may also determine that upon a change in control, any outstanding option or stock appreciation right be cancelled in exchange for payment in cash, stock or other property for each vested share in an amount equal to the excess of the fair market value of the consideration to be paid in the change in control transaction over the exercise price. If we merge with another entity and the successor company assumes an award payable in common shares, such awards will not be accelerated as described above as long as the consideration is substantially equal in fair market value to that of the common shares subject to the awards. The definition of change in control is described under "Compensation Of Executive Officers And Directors Grants of Plan Based Awards."

United States Federal Income Tax Consequences

The following discussion is a summary of the federal income tax consequences relating to the grant and exercise of awards under the LTIP and the subsequent sale of common shares that will be acquired under the LTIP. Federal income tax laws and regulations are technical in nature and their application may vary in individual circumstances.

Nonqualified Stock Options

There will be no federal income tax consequences to a participant or to the Company upon the grant of a nonqualified stock option. When the participant exercises a nonqualified option, he or she will recognize ordinary income in an amount equal to the excess of the fair market value of the option shares on the date of exercise over the exercise price, and we will be allowed a corresponding tax deduction subject to any applicable limitations under Section 162(m) of the Code. Any gain that a participant realizes when the participant later sells or disposes of the option shares will be short-term or long-term capital gain, depending on how long the participant held the shares.

Incentive Stock Options

There will be no federal income tax consequences to a participant or to the Company upon the grant of an incentive stock option. If the participant holds the option shares for the required holding period of at least two years after the date the option was granted and one year after exercise of the option, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and we will not be entitled to a federal income tax deduction. If the participant disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, the participant will recognize taxable ordinary income in an amount equal to the difference between the exercise price and the lesser of the fair market value of the shares on the date of exercise or the disposition price, and we will be allowed a federal income tax deduction equal to such amount, subject to any applicable limitations under Section 162(m) of the Code. Any amount received by the participant in excess of the fair market value on the exercise date will be taxed to the participant as capital gain, and we will receive no corresponding deduction. While the exercise of an incentive stock option does not result in current taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be a tax preference item that could subject a participant to alternative minimum tax in the year of exercise.

Stock Appreciation Rights

The participant will not recognize income, and we will not be allowed a tax deduction, at the time a stock appreciation right is granted. When the participant exercises the stock appreciation right, the cash or fair market value of any common shares received will be taxable to the participant as ordinary income, and we will be allowed a federal income tax deduction equal to such amount, subject to any applicable limitations under Section 162(m) of the Code.

Restricted Stock Awards

Unless a participant makes an election to accelerate recognition of income to the grant date as described below, the participant will not recognize income, and we will not be allowed a tax deduction, at the time a restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common shares as of that date, less any amount paid for the stock, and we will be allowed a corresponding tax deduction, s