

MIMEDX GROUP, INC.
Form PRE 14A
September 24, 2012
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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 ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- ☒ x 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 Pursuant to §240.14a-12

MIMEDX GROUP, 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):

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(1) Amount Previously Paid:

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(4) Date Filed:

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MIMEDX GROUP, INC.

60 Chastain Center Blvd., Suite 60

Kennesaw, GA 30144

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on October 31, 2012

The Annual Meeting of Shareholders of MiMedx Group, Inc. ("MiMedx" or the "Company") will be held on October 31, 2012, at 2:00 p.m. Eastern Standard Time at the Embassy Suites Hotel, 620 Chastain Road, NW, Kennesaw, Georgia 30144, for the following purposes:

1. To elect three Class II directors;
2. To approve an amendment to the Company's Articles of Incorporation (the "Articles") to increase the number of authorized shares of the Company's capital stock from 115,000,000 shares to 135,000,000 shares, and to increase the number of shares designated as common stock from 110,000,000 shares (\$.001 par value) to 130,000,000 shares (\$.001 par value);
3. To approve an amendment to the Company's Assumed 2006 Stock Incentive Plan;
4. To ratify the appointment of Cherry, Bekaert & Holland L.L.P. as our independent registered public accounting firm for the current fiscal year; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on September 14, 2012, as the record date for us to determine those shareholders entitled to notice of and to vote at the Annual Meeting of Shareholders.

Shareholders who cannot attend the Annual Meeting may vote their shares over the Internet or by telephone, or by completing and promptly returning the enclosed proxy card or voting instruction form. Internet and telephone voting procedures are described in the enclosed proxy statement and on the proxy card or, if shares are held in "street name," on the voting instruction form that shareholders receive from their brokerage firm, bank or other nominee in lieu of a proxy card.

Please vote as promptly as possible, whether or not you plan to attend the Annual Meeting. Even though you submit your proxy, you may nevertheless attend the Annual Meeting and vote your shares in person if you wish. If you want to revoke your proxy at a later time for any reason, you may do so in the manner described in the attached proxy statement.

I look forward to welcoming you to the meeting.

Very truly yours,

/s/ Roberta L. McCaw
Roberta L. McCaw
Secretary

October 1, 2012

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MIMEDX GROUP, INC.

60 Chastain Center Blvd., Suite 60

Kennesaw, GA 30144

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS

To Be Held On October 31, 2012

This Proxy Statement is furnished in connection with the solicitation of proxies to be voted at the Annual Meeting of Shareholders of MiMedx Group, Inc. (MiMedx or the Company) to be held on October 31, 2012, at 2:00 p.m. Eastern Standard Time at the Embassy Suites Hotel, 620 Chastain Road, NW, Kennesaw, Georgia 30144.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 31, 2012

The Proxy Statement, form of proxy our 2011 Annual Report on Form 10-K and Form 10-K/A s for the year ended December 31, 2011, are available at

<http://www.proxyvote.com>

This Proxy Statement, our Annual Report on Form 10-K for the year ended December 31, 2011, and the enclosed proxy card are being first sent or given to shareholders on or about September 24, 2012. The enclosed proxy card is solicited by the Company on behalf of our Board of Directors and will be voted at the Annual Meeting of Shareholders and any adjournments thereof.

Shareholders as of the close of business on September 14, 2012, the record date, may vote at the Annual Meeting. As of the record date, 85,452,774 shares of common stock were outstanding and entitled to vote. Shareholders have one vote, non-cumulative, for each share of common stock held on the record date, including shares held directly in their name as shareholder of record and shares held in an account with a broker, bank or other nominee (shares held in street name). Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank or nominee how to vote their shares.

This solicitation is being made by mail and may also be made in person or by fax, telephone or Internet by the Company s officers, directors or employees. The Company will pay all expenses incurred in this solicitation. The Company will request banks, brokerage houses and other institutions, nominees and fiduciaries to forward the soliciting material to beneficial owners and to obtain authorization for the execution of proxies. The Company will, upon request, reimburse these parties for their reasonable expenses in forwarding proxy materials to beneficial owners.

Proposals for Shareholder Action

The matters proposed for consideration at the meeting are:

The election of three Class II directors;

Approval of an amendment to the Company s Articles of Incorporation (the Articles) to increase the number of authorized shares of the Company s capital stock from 115,000,000 shares to 135,000,000 shares, and to increase the number of shares designated as common stock from 110,000,000 shares (\$.001 par value) to 130,000,000 shares (\$.001 par value);

Approval of an amendment to the Company s Assumed 2006 Stock Incentive Plan;

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Ratification of the appointment of Cherry, Bekaert & Holland L.L.P. as our independent registered public accounting firm for the current fiscal year; and

The transaction of such other business as may come before the meeting or any adjournment thereof.
Our Board of Directors recommends that you vote **FOR** the director nominees and the other proposals.

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Voting

Shareholders of record may vote:

By Mail To vote by mail using the enclosed proxy card, shareholders will need to complete, sign and date the proxy card and return it promptly in the envelope provided or mail it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. When the proxy card is properly executed, dated, and timely returned, the shares it represents will be voted in accordance with its instructions.

By Internet Shareholders may vote over the Internet, by going to www.proxyvote.com. Shareholders will need to type in the Company Number and the Account Number indicated on the proxy card and follow the instructions.

By Telephone Shareholders may vote over the telephone, by dialing 1-800-690-6903 in the United States or Canada from any touch-tone telephone and following the instructions. Shareholders will need the Company Number and the Account Number indicated on the proxy card.

By Attending the Meeting in Person Shareholders may vote by attending the meeting in person and voting. Please contact Wendy Larey at 404.554.8023 or wlarey@mimedx.com in order to obtain directions to the Annual Meeting. Internet and telephone voting facilities will close at 11:59 p.m., Eastern Standard Time, on October 30, 2012.

In addition, a large number of banks and brokerage firms participate in online programs that provide eligible beneficial owners who hold their shares in *street name* rather than as a shareholder of record, with the opportunity to vote over the Internet or by telephone. *Street name* shareholders who elected to access the proxy materials electronically over the Internet through an arrangement with their brokerage firm, bank or other nominee should receive instructions from their brokerage firm, bank or other nominee on how to access the shareholder information and voting instructions. If shareholders hold shares in *street name* and the voting instruction form received from the brokerage firm, bank or other nominee does not reference Internet or telephone information, or if you prefer to vote by mail, please complete and return the paper voting instruction form. In order to vote shares held in *street name* in person at the Annual Meeting, a proxy issued in the owner's name must be obtained from the record holder (typically your brokerage firm, bank or other nominee) and presented at the Annual Meeting.

Shareholders of record and *street name* shareholders who vote over the Internet or by telephone need not return a proxy card or voting instruction form by mail, but may incur costs, such as usage charges, from telephone companies or Internet service providers, for which the shareholder is responsible.

If no instructions are indicated, your proxy will be voted **FOR the election of the director nominees and the other proposals.**

Other Matters

It is not anticipated that any other matters will be considered at the Annual Meeting. If, however, any other matter properly comes before the Annual Meeting, or any adjournment or postponement thereof, the persons named in the proxy will vote the proxy in accordance with their best judgment on any such matter.

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Each shareholder sending a proxy will have the power to revoke it at any time before it is exercised. The proxy may be changed or revoked before it is exercised by sending a written revocation or a duly executed proxy bearing a later date to us at our principal offices at 60 Chastain Center Blvd., Suite 60, Kennesaw, Georgia 30144, Attention: Corporate Secretary. The proxy may also be revoked by attending the meeting and voting in person.

Quorum and Vote Required

The presence, in person or by proxy, of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting and at any adjournments thereof. Directions to withhold authority to vote for directors, abstentions and broker non-votes will be counted for purposes of determining if a quorum is present at the Annual Meeting. If a quorum is not present or represented at the Annual Meeting, the chairman of the meeting or the shareholders holding a majority of the shares of common stock entitled to vote, present in person or represented by proxy, have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum is present or represented. Directors, officers and employees of the Company may solicit proxies for the reconvened meeting in person or by mail, telephone or telegram. At any such reconvened meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally scheduled.

Directors are elected by the affirmative vote of the holders of a plurality of the shares of our capital stock present in person or represented by proxy and entitled to vote at the Annual Meeting of Shareholders. The affirmative vote of the holders of a majority of the shares of stock present in person or represented in proxy and entitled to vote is required to approve the other proposals.

Votes cast in person or by proxy, abstentions and broker non-votes will be tabulated by the inspector of election and will be considered in the determination of whether a quorum is present at the Annual Meeting. The inspector of election will treat shares represented by executed proxies that abstain as shares that are present and entitled to vote for purposes of determining the approval of such matter and will have the same effect as a vote against the proposal. If, with respect to any shares, a broker or other nominee submits a proxy card with a broker non-vote on one or more proposals, those shares will not be treated as present and entitled to vote for purposes of determining the approval of any such proposal.

No Appraisal Rights

No appraisal rights are available under Florida law or our Articles of Incorporation or bylaws if you dissent from or vote against any of the proposals presented for consideration, and we do not plan to independently provide any such right to shareholders.

ELECTION OF DIRECTORS**(PROPOSAL 1)**

Our bylaws provide that our Board may set the number of directors at no less than three. Our Board currently consists of ten directors who are divided into three classes. At each Annual Meeting the terms of one class of directors expire and persons are elected to that class for terms of three years or until their respective successors are duly elected and qualified or until their earlier death, resignation or removal. Our current Board members, the classes in which they serve and the expiration of their terms as directors are as set forth in the table below:

Class Designation	Directors	Term Expiration
Class II	Joseph G. Bleser	2012 Annual Meeting of Shareholders
	Steven Gorlin	
	Bruce L. Hack	
Class III	J. Terry Dewberry	2013 Annual Meeting of Shareholders
	Larry W. Papasan	

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Class I	Parker H. Petit	
	Charles R. Evans	2014 Annual Meeting of Shareholders
	Charles E. Koob	
	William C. Taylor	
	Neil S. Yeston	

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Based on the recommendation of the Nominating and Corporate Governance Committee of the Board, the Board has nominated Joseph G. Bleser, Steven Gorlin and Bruce L. Hack for election as Class II Directors of the Company at the 2012 Annual Meeting of Shareholders. The Class II Directors' next term expires at the 2015 Annual Meeting or upon their respective successors being elected and qualified or until their earlier death, resignation, removal or termination. All nominees have consented to serve as directors if elected.

With respect to the election of directors, you may (i) vote for all of the nominees, or (ii) withhold with respect to some or all nominees. Directors are elected by the affirmative vote of the holders of a plurality of the shares of our capital stock present in person or represented by proxy and entitled to vote at the Annual Meeting of Shareholders. As a result, the three director nominees that receive the most votes will be elected. Broker non-votes will not be counted as votes for or against any nominee or director. In the event that any nominee should become unable or unwilling to serve as a director, it is the intention of the persons named in the proxy to vote for the election of such substitute nominee for the office of director as the Board of Directors may recommend. It is not anticipated that any nominee will become unable or unwilling to serve as a director.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES TO SERVE AS DIRECTORS.

Set forth below is certain information regarding our director nominees and other directors who will continue serving on the Board after the Annual Meeting, including certain individual qualifications and skills of our directors that contribute to the effectiveness of our Board. There are no family relationships among any of our directors or executive officers.

DIRECTORS WHOSE TERMS EXPIRE AT THE 2012 ANNUAL MEETING,

CLASS II

Joseph G. Bleser, age 66, serves on our Board of Directors. He became a Director of MiMedx Group, Inc. in September 2009. He has been the Managing Member of J. Bleser, LLC, a financial consulting firm, since July 1998. Prior to July 1998, Mr. Bleser has over 15 years experience as a Chief Financial Officer and other financial executive positions in various publicly traded companies, including HBO & Company, Allegiant Physician Services, Transcend Services, Inc. and Healthcare.com. Mr. Bleser is formerly a Certified Public Accountant with ten years of experience in public accounting with Arthur Andersen LLC, an international public accounting firm. Mr. Bleser was a member of the Board of Directors and the Corporate Governance Committee and Chairman of the Audit Committee of Transcend Services, Inc. [NASDAQ: TRCR] until it was acquired by Nuance Communications, Inc. in April 2012. Mr. Bleser also served as a Director and Chairman of the Audit Committee of Matria Healthcare, Inc. until it was acquired by Inverness Medical Innovations, Inc. in May 2008. In addition, Mr. Bleser serves on the Board of Directors of a privately held information technology solutions company. Mr. Bleser was nominated as a director due to his extensive financial background and experience as a member of the Audit Committee of other publicly traded companies.

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Steve Gorlin, age 75, serves as a Director of the Company. He served as Chairman of the Board of Directors and a Director of Alynx Co. (Alynx), the Company's predecessor, during February 2008, and MiMedx Group, Inc. from March 2008 to February 2009. Mr. Gorlin served as Chairman of MiMedx, Inc. from its inception in November 2006 to February 2009. Mr. Gorlin continues to serve as Vice Chairman of the Company. He is presently Executive Chairman of DemeRx, Inc. and has served as its Chairman and Chief Executive Officer since its founding in 2010. Over the past 35 years, Mr. Gorlin has founded several biotechnology and pharmaceutical companies, including Hycor Biomedical, Inc., Theragenics Corporation, CytRx Corporation, Medicis Pharmaceutical Corporation, EntreMed, Inc., MRI Interventions, Inc., DARA BioSciences, Inc. [NasdaqCM:DARA], and Medivation, Inc. [NasdaqGM:MDVN]. Mr. Gorlin served as the Chief Executive Officer of Dara Bio Sciences, Inc. from July 2002 to January 2007, and served as either Chairman or Co-Chairman of the Board of Directors of Dara Bio Sciences, Inc. until August 2012. Mr. Gorlin also currently serves on the Board of Directors of the following private companies: Nano Technology Corporation (China) as the Chairman of the Board of Directors. Mr. Gorlin served for many years on the Business Advisory Council to the Johns Hopkins School of Medicine and presently serves on the boards of The Johns Hopkins Alliance for Science and Technology Development and The Johns Hopkins Bioengineering Advisory Board, as well as the board of the Andrews Foundation for Research and Education. He also founded a number of non-medical related companies, including Perma-Fix, Inc., Pretty Good Privacy, Inc., and Judicial Correction Services, Inc. He started The Touch Foundation, a nonprofit organization for the blind and was a principal financial contributor to the founding of Camp Kudzu for diabetic children. Mr. Gorlin was nominated as a director due to his extensive healthcare business experience and success in founding and nurturing biotechnology and pharmaceutical companies.

Bruce L. Hack, age 63, serves on our Board of Directors. He became a director of MiMedx Group, Inc. in December 2009. Mr. Hack was Vice Chairman of the Board of Directors and Chief Corporate Officer of Activision Blizzard (Nasdaq:ATVI) until 2009. Prior to that, Mr. Hack was Chief Executive Officer of Vivendi Games, from 2004 to 2008, Vice Chairman of the Board of Directors of Universal Music Group, from 1998 to 2001, and Chief Financial Officer of Universal Studios, from 1995 to 1998. From 1982-1994, Mr. Hack held several positions at The Seagram Company, including: Assistant to the Executive Vice President, Sales and Marketing for Seagram USA; Director, Strategic Planning, at The Seagram Company Ltd.; and Chief Financial Officer of Tropicana Products, Inc. Prior thereto, he was a trade negotiator for the U.S. Treasury. Mr. Hack earned a B.A. at Cornell University and an M.B.A. in finance at the University of Chicago. Mr. Hack was nominated as a director due to his business expertise, particularly as it relates to sales and marketing, and experience as a member of the Boards of Directors of other companies, both public and private.

DIRECTORS WHOSE TERMS EXPIRE AT THE 2013 ANNUAL MEETING,

CLASS III

J. Terry Dewberry, age 68, serves on our Board of Directors. He became a Director of MiMedx Group, Inc. in September 2009. Mr. Dewberry is a private investor with significant experience at both the management and board levels in the healthcare industry. He has extensive experience in corporate mergers and takeovers on both the buy and sell sides at sizes up to \$5 billion. He has served on the Boards of Directors of several publicly traded healthcare products and services companies, including Respiroics, Inc. (Nasdaq:RESP) (1998-2008), Matria Healthcare, Inc. (Nasdaq:MATR) (2006-2008), Healthdyne Information Enterprises, Inc. (1996-2002), Healthdyne Technologies, Inc. (1993-1997), Home Nutritional Services, Inc. (1989-1994) and Healthdyne, Inc. (1981-1996). From March 1992 until March 1996, Mr. Dewberry was Vice Chairman of Healthdyne, Inc. From 1984 to 1992, he served as President and Chief Operating Officer, and Executive Vice President of Healthdyne, Inc. Mr. Dewberry received a Bachelor of Electrical Engineering from Georgia Institute of Technology in 1967 and a Masters of Public Accounting from Georgia State University in 1972. Mr. Dewberry was nominated as a director due to his extensive business and financial background and experience as a member of the Boards of Directors of other publicly traded companies and a member of the Audit Committee of at least one other public company.

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Larry W. Papasan, age 71, serves on our Board of Directors. He became a Director of Alynx in February 2008 and of MiMedx Group, Inc. in March 2008. He was first elected as a Director of MiMedx, Inc. in April 2007. From July 1991 until his retirement in May 2002, Mr. Papasan served as President of Smith & Nephew Orthopaedics. Mr. Papasan has been a Director and Chairman of the Board of Directors of BioMimetic Therapeutics, Inc. (NasdaqGM:BMTI) since August 2005. BioMimetic Therapeutics, Inc. is developing and commercializing bio-active recombinant protein-device combination products for the healing of musculoskeletal injuries and disease, including orthopedic, periodontal, spine and sports injury applications. Mr. Papasan has been a member of the Board of Directors of Reaves Utility Income Fund (NasdaqCM:UTG), a closed-end management investment company, since February 2003 and of Triumph Bankshares, Inc. (a bank holding company) since April 2005. Mr. Papasan also serves as a director of SSR Engineering, Inc., AxioMed Spine Corporation, BioMedical Tissue Technologies and Cagenix, Inc. Bio Nova Medical, Inc. and Six Fix, Inc. Mr. Papasan was nominated as a director due to his extensive business experience, including experience in the medical device field, as well as experience as a director of several other companies, both public and private.

Parker H. Pete Petit, age 73, joined the Company as Chairman of the Board of Directors, Chief Executive Officer and President in February 2009. From May 2008 until he joined the Company, Mr. Petit was the President of The Petit Group, LLC, a private investment company. Prior to that, Mr. Petit was the Chairman and CEO of Matria Healthcare, Inc., (Nasdaq: MATR), which was sold to Inverness Medical Innovations, Inc. in May 2008. Matria Healthcare was a former subsidiary of Healthdyne, Inc., which Mr. Petit founded in 1971. Mr. Petit served as Chairman and CEO of Healthdyne and some of its publicly traded subsidiaries after Healthdyne became a publicly traded company in 1981. Mr. Petit received his bachelor's degree in Mechanical Engineering and Master of Science degree in Engineering Mechanics from Georgia Tech and an MBA degree in Finance from Georgia State University. At Georgia Tech, Mr. Petit funded a professorial chair for Engineering in Medicine, endowed the Petit Institute for Bioengineering and Bioscience, and assisted with the funding of the Biotechnology building which bears his name. At Georgia State University, he assisted with the funding of the Science Center building which also bears his name. In 1994, he was inducted into the Technology Hall of Fame of Georgia. In 2007, he was inducted into the Georgia State Business Hall of Fame. Mr. Petit has previously served as a member of the Board of Directors of the Georgia Research Alliance, which is chartered by the State of Georgia to promote high technology and scientific development in the State. In 2011, Mr. Petit was inducted into the National Academy of Engineering. He serves as a member of the Board of Directors of: Intelligent Systems Corporation (NYSE MKT: INS). Mr. Petit was nominated as a director due to his extensive healthcare business experience and leadership success.

DIRECTORS WHOSE TERMS EXPIRE AT THE 2014 ANNUAL MEETING,

CLASS I

Charles R. Evans, age 65, serves on our Board of Directors. Mr. Evans became a director of the Company in September 2012. Mr. Evans has over 30 years of experience in the healthcare industry. He is currently President of the International Health Services Group, an organization he founded to support health services development in underserved areas of the world. He is also currently a senior advisor with Jackson Healthcare, a consortium of companies that provide physician and clinical staffing, anesthesia management and information technology solutions for hospitals, health systems and physician groups. In addition, Mr. Evans is a Fellow in the American College of Healthcare Executives having previously served as Governor of the College from 2004 to 2007 and as Chairman from 2008 to 2011. Previously, Mr. Evans was a senior officer with Healthcare Corporation of America (HCA) and managed various HCA divisions. Mr. Evans currently serves on the Board of Directors of Jackson Healthcare and CareSpot Express Healthcare. Additionally, Mr. Evans serves on the boards of non-profit organizations including MedShare International and MedicalMissions.org, and he is Chairman of the Hospital Charitable Service Awards.

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Charles E. (Chuck) Koob, age 67, serves on our Board of Directors. He became a Director of Alynx in February 2008, and of MiMedx Group, Inc. in March 2008. He was first elected as a Director of MiMedx, Inc. in April 2007. Mr. Koob joined the law firm of Simpson Thacher & Bartlett, LLP in 1970 and became a partner in 1977. He retired from that firm on January 1, 2007. While at that firm, Mr. Koob was the co-head of the Litigation Department and served on the Firm's Executive Committee. Mr. Koob specialized in competition, trade regulation and antitrust issues. Throughout his 37-year tenure, he represented clients before the Federal Trade Commission, the Antitrust Division of the Department of Justice, and numerous state and foreign competition authorities. His résumé includes the representation of Virgin Atlantic Airways, Archer Daniels Midland, and Kohlberg Kravis Roberts and Co. He received his B.A. from Rockhurst College in 1966 and his J.D. from Stanford Law School in 1969. Mr. Koob serves on the board of Stanford Hospital and Clinics. He also serves on the boards of a private medical device company and a drug development company. Mr. Koob was nominated as a director due to his 37 years of legal expertise in representing both publicly traded and privately held businesses.

William C. Taylor, age 44, became our President and Chief Operating Officer in September 2009. He became a Director of the Company in October 2011. He is an operating executive with more than 20 years' experience in healthcare product design, development and manufacturing. From 2001 through 2008, Mr. Taylor was President and CEO of Facet Technologies, LLC, a Matria Healthcare, Inc. subsidiary, focused on medical device design, development, and manufacturing for OEM clients, such as Abbott, Bayer, BD, LifeScan (J&J), Roche, and Flextronics. Over his 14 year career at Facet and its predecessor company, he held various management positions, beginning with R&D, QA & Regulatory Affairs and progressing through General Management. Mr. Taylor was instrumental in growing the design and manufacturing business from \$14 million in revenue to over \$40 million at the time the company was sold to Matria Healthcare in March 2008. As President, he led the company to the number one market position in Microsampling and grew it to over \$85 million in revenue. He also led the company as CEO for 18 months after it was sold to a private equity company. Mr. Taylor started his career in healthcare at Miles, Inc., Diagnostics Division (now Bayer Healthcare) as an engineering co-op, and then progressed to project management and senior mechanical engineering positions. A graduate of Purdue University, Mr. Taylor holds a Bachelor of Science degree in Mechanical Engineering and is co-inventor on eight patents. He currently serves on the Advisory Board of the Georgia Tech Institute for Bioengineering and Bioscience. Mr. Taylor was nominated as a director due to his extensive experience as an operating executive in the medical device sector.

Neil S. Yeston, M.D., age 69, serves on our Board of Directors. Dr. Yeston became a director of the Company in September 2012. Dr. Yeston currently serves as Active Senior Staff, Department of Surgery at Hartford Hospital. During his association with Hartford Hospital, Dr. Yeston previously served in various roles including Vice President of Academic Affairs, Director of Corporate Compliance, Vice President of Quality Management and Director of the Section on Critical Care Medicine, Department of Surgery. Dr. Yeston has formerly served as Professor of Surgery at the University of Connecticut and the Assistant Dean, Medical Education at the University of Connecticut School of Medicine. Prior to his associations with Hartford Hospital and the University of Connecticut, Dr. Yeston served with Boston University Medical Center in various positions including the Vice Chairman Department of Surgery, Associate Professor of Anesthesiology, Director Progressive Care Unit and Associate Professors of Surgery. Dr. Yeston was appointed as a director because of his in-depth understanding of healthcare issues from the perspective of the practitioner, academician, administrator and executive.

Board of Directors Leadership Structure

Our Board of Directors has carefully considered the benefits and risks in combining the role of Chairman of the Board of Directors and Chief Executive Officer and has determined that Mr. Petit is the most qualified and appropriate individual to lead our Board of Directors as its Chairman. The Board of Directors believes there are efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board of Directors. As our Chief Executive Officer, Mr. Petit is responsible for the day-to-day operation of the Company and for the implementation of the Company's strategy. Mr. Petit serves as a bridge between management and our Board of Directors, ensuring that both groups act with a common purpose. Our Board of Directors further noted that the combined role of Chairman of the Board of Directors and Chief Executive Officer facilitates centralized leadership in one person so that there is no ambiguity about accountability. Our Board of Directors also considered Mr. Petit's knowledge regarding our operations and the industries and markets in which we compete and his ability to promote communication, to synchronize activities between our Board of Directors and our senior management and to provide consistent leadership to both our Board of Directors and our Company.

In determining whether to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, our Board of Directors closely considered our current system for ensuring significant independent oversight of management, including the following: (1) only three members of our Board of Directors, Mr. Petit, Mr. Taylor and Mr. Gorlin, also serve as employees; (2) each director serving on our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee is independent and (3) the Compensation Committee annually evaluates the Chief Executive Officer's performance and has the authority to retain independent compensation advisors.

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The Board of Directors has not designated a lead independent director.

Director Independence

We are not a listed company under SEC rules and are therefore not required to comply with the director independence requirements of any securities exchange. However, in determining whether our directors are independent, we apply the standards set forth in the rules of the NYSE MKT. The Company qualifies as a smaller reporting company as that term is defined in Item 10(f)(1) of Regulation S-K because its public float as of the last business day of the Company's second fiscal quarter in 2010 and 2011 was less than \$75.0 million. As a result, the rules of the NYSE MKT require that at least 50% of the members of our Board of Directors be independent, which means that they are not officers or employees of the Company and are free of any relationship that would interfere with the exercise of their independent judgment. The Board of Directors has determined that six of its current ten directors, Joseph G. Bleser, J. Terry Dewberry, Charles R. Evans, Bruce L. Hack, Larry W. Papasan and Neil S. Yeston are independent, as defined by the listing standards of the NYSE MKT, Section 10A(m)(3) of the Exchange Act, and the rules and regulations of the SEC. In addition, the Board determined Kurt M. Eichler who served as a director in 2011 was independent under these same listing standards.

However, since the Company's public float exceeded \$75.0 million for the second quarter 2012, the Company no longer qualifies as a smaller reporting company beginning in 2013 and must comply with the larger company rules including the provisions of Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform Act of 2010 that are applicable to larger reporting companies.

Board of Directors Risk Oversight

The Board as a whole is responsible for overseeing the Company's risk exposure as part of determining a business strategy that generates long-term shareholder value. Each of the Board's standing committees focuses on risk areas associated with its area of responsibility.

Meetings and Committees of the Board of Directors

During the year ended December 31, 2011, there were seven meetings of the Board of Directors, two of which were telephonic meetings. Bruce L. Hack attended fewer than 75% of the aggregate total number of the meetings of the Board of Directors during the year ended December 31, 2011.

In addition to other single purpose committees established from time to time to assist the Board of Directors with particular tasks, the Company's Board of Directors has the following standing committees: an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee.

We strongly encourage each of our directors to attend in person each annual meeting of shareholders whenever attendance does not unreasonably conflict with the director's other business and personal commitments. Seven of our ten then-current directors attended our 2011 Annual meeting of Shareholders.

Audit Committee and Audit Committee Financial Expert

We are not a listed company under SEC rules and are therefore not required to have an audit committee comprised of independent directors. However, our goal is to comply with the rules of the NYSE MKT, which require that as a smaller reporting company, as that term is defined in Item 10(f)(1) of Regulation S-K, the Audit Committee of the Board of Directors be comprised of at least two members, all of whom qualify as independent under the criteria set forth in Rule 10A-3 of the Exchange Act.

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We established an Audit Committee comprised of three independent members of our Board of Directors in April 2008. We currently have four members on our Audit Committee; J. Terry Dewberry (Chairman), Joseph G. Bleser, Larry W. Papasan and Charles R. Evans, each of whom satisfies the independence standards of the NYSE MKT rules for audit committee members. The Board of Directors has determined that Mr. Dewberry is an audit committee financial expert within the meaning of Item 407(d)(5)(ii) of Securities and Exchange Commission (SEC) Regulation S-K. The current charter for the Audit Committee is posted on our website at www.mimedx.com. The Audit Committee held seven meetings during the year ended December 31, 2011.

As part of its duties, the Audit Committee:

Oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements;

Reviews the Company's financial statements with management and the Company's outside auditors, and recommends to the Board of Directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K;

Establishes policies and procedures to take, or recommends that the full Board of Directors take, appropriate action to oversee the independence of the outside auditors;

Establishes policies and procedures for the engagement of the outside auditors to provide permitted non-audit services;

Takes responsibility for the appointment, compensation, retention, and oversight of the work of the Company's outside auditors and recommends their selection and engagement;

Ensures that the outside auditors report directly to the Audit Committee;

Reviews the performance of the outside auditors and takes direct responsibility for hiring and, if appropriate, replacing any outside auditor failing to perform satisfactorily;

Provides, as part of any proxy filed pursuant to SEC regulations, the report required by SEC regulations; and

Establishes procedures for handling complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

Compensation Committee

We established our Compensation Committee in April 2008. Currently, its membership consists of Joseph G. Bleser (Chairman), Larry W. Papasan and Neil S. Yeston. In 2011, Kurt M. Eichler served as a member and as Chairman of the Compensation Committee. The Compensation Committee held three meetings during the year ended December 31, 2011. All members of the Compensation Committee meet the independence standards of the NYSE MKT rules for compensation committee members. Pursuant to its charter, the Compensation Committee is responsible for establishing the Company's overall compensation philosophy and programs and exercising the authority of the Board of Directors in the administration of all compensation plans and programs. The Compensation Committee also is charged with reviewing the performance of the Company's Chief Executive Officer, reviewing and approving compensation arrangements for and contractual arrangements with the Company's executive officers, and reviewing and recommending to the full Board of Directors for approval contractual incentive and equity-based compensation plans and directors' compensation. The Compensation Committee is authorized to delegate responsibilities to sub-committees of the Compensation Committee as necessary or appropriate. The current charter for the Compensation Committee is posted on our website at www.mimedx.com. The Committee establishes compensation for executive officers and directors based on peer data, the Company's resources

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and, with respect to executive officers, the qualifications and experience of the executive. With respect to compensation of executive officers other than the Chairman and Chief Executive Officer, the Committee considers recommendations of the Chairman and Chief Executive Officer.

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Nominating and Corporate Governance Committee; Procedures by which Security Holders May Recommend Nominees to the Board of Directors

We established our Nominating and Corporate Governance Committee in April 2008. Its membership currently consists of Larry W. Papasan (Chairman), J. Terry Dewberry and Bruce L. Hack. Mr. Eichler also served as a member of the Nominating and Corporate Governance Committee in 2011. The charter for this Committee requires that it annually present to the Board of Directors a list of individuals, who meet the criteria for Board of Directors membership, recommended for nomination for election to the Board of Directors at the annual meeting of shareholders and also consider suggestions received from shareholders regarding director nominees in accordance with any procedures adopted from time to time by the Nominating and Corporate Governance Committee. All of the Committee members meet the independence requirements of the NYSE MKT rules for nominating and corporate governance committee members. The charter for the Nominating and Corporate Governance Committee is posted on our website at www.mimedx.com. The Nominating and Corporate Governance Committee held two meetings during the year ended December 31, 2011.

No material changes have been made to the procedures by which our shareholders may recommend nominees to our Board of Directors since we last described these procedures in the Form 10-K/A filed with the SEC on July 29, 2008. However our Nominating and Corporate Governance Committee adopted a formal policy consistent with those procedures and our bylaws in March 2010.

Evaluation of Director Candidates

In evaluating and recommending director candidates, the Nominating and Corporate Governance Committee takes into consideration such factors as it deems appropriate based on current needs. These factors may include leadership skills, business judgment, relevant expertise and experience, whether the candidate has a general understanding of marketing, finance, and other disciplines relevant to the success of a publicly-traded company in today's business environment, relevant regulatory experience, decision-making ability, interpersonal skills, community activities and relationships, and the interrelationship between the candidate's experience and business background and other Board members' experience and business background, as well as the candidate's ability to devote the required time and effort to serving on the Board of Directors.

To date, nominees for appointment and election to our Board of Directors have been selected pursuant to an informal process. Each person selected has been based upon a recommendation made to the Nominating and Corporate Governance Committee or the Board of Directors (prior to formation of that Committee). The Nominating and Corporate Governance Committee has not established a policy for consideration of diversity in its nominating process.

In accordance with our bylaws, the Nominating and Corporate Governance Committee will consider for nomination candidates recommended by shareholders if the shareholders comply with the following requirements. If a shareholder wishes to recommend a director candidate to the Board of Directors for consideration as a nominee to the Board of Directors, such shareholder must submit in writing to the Secretary of the Company:

the name, age and address of each proposed nominee;

the principal occupation of each proposed nominee;

the nominee's qualifications to serve as a director;

such other information relating to such nominee as required to be disclosed in solicitation of proxies for the election of directors pursuant to the rules and regulations of the SEC;

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the name and residence address of the notifying shareholder;

the number of shares owned by the notifying shareholder, and

the nominee's written consent to being named a nominee and serving as a director if elected.

This information must be delivered or mailed to the Secretary of the Company: (a) in the case of an annual meeting of shareholders that is called for a date that is within 30 days before or after the anniversary date of the immediately preceding annual meeting of shareholders, not less than 120 days prior to such anniversary date; and (b) in the case of an annual meeting of shareholders that is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding annual meeting of shareholders, or in the case of a special meeting of shareholders, not later than the close of business on the tenth day following the day on which the notice of meeting is mailed or public disclosure of the date of the meeting is made, whichever occurs first.

A shareholder making any proposal shall also comply with all applicable requirements of the Exchange Act.

Candidates properly submitted for consideration by shareholders will receive the same consideration as candidates presented by other persons. Nominations or proposals not made in accordance herewith may be disregarded by the chairman of the meeting in his discretion, and upon his instructions all votes cast for each such nominee or for such proposal may be disregarded.

Shareholder Communications with the Board of Directors

MiMedx shareholders may communicate with the Board of Directors, or individual specified directors, in writing addressed to:

Board of Directors

c/o Corporate Secretary

60 Chastain Center Blvd.

Suite 60

Kennesaw, Georgia 30144

The Corporate Secretary will review each shareholder communication. The Corporate Secretary will forward to (i) the entire Board of Directors, (ii) the non-management members of the Board of Directors, if so addressed, or (iii) the members of a Board of Directors committee, if the communication relates to a subject matter clearly within that committee's area of responsibility, each communication that (a) relates to the Company's business or governance, (b) is not offensive and is legible in form and reasonably understandable in content and (c) does not merely relate to a personal grievance against MiMedx or a team member or further a personal interest not shared by other shareholders generally.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our Chief Executive Officer (our principal executive officer), Chief Financial Officer (our principal accounting officer), controller, and persons performing similar functions. A copy is posted on our website at www.mimedx.com. In the event that we amend any of the provisions of the Code of Business Conduct and Ethics that require disclosure under applicable law, SEC rules or applicable listing standards, we intend to disclose the amendment on our website.

Any waiver of the Code of Business Conduct and Ethics for any executive officer or director must be approved by the Board of Directors and will be disclosed on a Form 8-K filed with the SEC, along with the reasons for the waiver.

Table of Contents**EXECUTIVE OFFICERS**

In addition to Messrs. Petit, Taylor and Gorlin, who are also directors, the following persons currently serve as our executive officers:

Michael J. Senken, age 54, joined the Company as Chief Financial Officer in January 2010. Prior to joining the Company he was the Vice President and Chief Financial Officer of Park N Fly, Inc. from August 2007 to September 2009. From August 2005 to August 2007, Mr. Senken was Vice President and Chief Financial Officer of Patient Portal Technologies (OTCBB:PPRG). From June 2005 to August 2005, Mr. Senken was a consultant for JC Jones LLC. From 2002 to 2004, Mr. Senken was Senior Vice President and General Manager-Broadband Consumer Lifestyle for Philips Consumer Electronics. Prior thereto, Mr. Senken was employed by Philips Broadband Networks, serving as Senior Vice President and General Manager from 1996-2002, as Vice President and Chief Financial Officer from 1986 to 2002, and as Controller from 1983 to 1986. From 1980 to 1983, Mr. Senken was an auditor for Philips Electronics North America.

Roberta L. McCaw, age 56, was appointed General Counsel and Secretary in September 2009. Ms. McCaw is a lawyer in private practice and had been a consultant to the Company since January 2009. From February 2006 through May 2008, Ms. McCaw served as Senior Vice President, General Counsel and Secretary of Matria Healthcare, Inc., a publicly traded healthcare and medical device company. She previously served as Vice President Legal, General Counsel and Secretary of Matria from April 1998 to February 2006. She was Assistant General Counsel and Assistant Secretary of Matria from December 1997 to April 1998, and Assistant General Counsel of Matria from July 1996 to December 1997. Prior to joining Matria, Ms. McCaw was a partner in a Connecticut-based law firm. She is a graduate of the University of Connecticut School of Law. Prior to law school, Ms. McCaw studied accounting at Miami University and Cleveland State University, and worked as a Certified Public Accountant.

EXECUTIVE COMPENSATION

We established our Compensation Committee in April 2008. Its membership currently consists of Joseph G. Bleser, Larry W. Papasan and Neil S. Yeston. In 2011, Kurt M. Eichler also served as a member and as Chairman of the Compensation Committee. The Board of Directors has determined that each of the members and former member is independent, as described above. The charter for the Compensation Committee is posted on our website at <http://www.mimedx.com/investors/corporate-governance/>.

The following table summarizes the compensation paid by the Company for services in all capacities rendered to the Company during the years ended December 31, 2011 and 2010, by the individual who served as our principal executive officer during the 12 months ended December 31, 2011, and by each of the two other most highly compensated executive officers serving as executive officers at the end of 2011. These individuals are referred to collectively as our Named Executive Officers.

Summary Compensation Table

Name and Principal

Position	Reporting Period	Salary \$	Bonus \$	Stock Awards \$	Option Awards \$	All Other Compensation	Total \$
Parker H. Pete Petit, Chairman of Board of Directors and CEO	YE 12/31/2011	325,000			696,500		1,021,500
	YE 12/31/2010	308,558			410,000		718,558
William C. Taylor, President and Chief Operating Officer	YE 12/31/2011	300,000			352,850		652,850
	YE 12/31/2010	288,365			532,000		820,365
Michael J. Senken, VP and Chief Financial Officer	YE 12/31/2011	198,269			213,950		412,219
	YE 12/31/2010	160,846			287,500		448,346

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- (1) The Company follows the provisions of ASC topic 718 Compensation Stock compensation, which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments. The assumptions made in the valuation of our option awards is disclosed in Note 8 to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2011.

Narrative to Summary Compensation Table

We have no employment agreements with any of our Named Executive Officers. In addition to receiving a base salary as established by the Compensation Committee of the Board, beginning in calendar year 2011, each of our Named Executive Officers is entitled to participate in the Company's Management Incentive Plan (MIP), with a targeted base bonus equal to a specified percentage of his base salary. Payment of bonuses under the MIP is contingent on certain performance measures as established by the Compensation Committee on an annual basis. Each of the Executive Officers also is eligible for awards under the Company's 2006 Assumed Stock Incentive Plan as may be granted by the Compensation Committee or the Board in their sole discretion. For additional information regarding the plan, see Approval of Amendment of Assumed 2006 Stock Incentive Plan (Proposal 3). The material terms of our compensation arrangements with each of our Named Executive Officers is described below:

On February 23, 2010, the Compensation Committee approved an increase in Mr. Petit's annual base salary from \$225,000 to \$325,000 effective March 1, 2010. On February 23, 2012, the Compensation Committee approved an increase in Mr. Petit's annual base salary to \$425,000 to be effective on April 1, 2012. However, Mr. Petit requested that his salary be held to the same salary as the President and Chief Operating Officer, therefore Mr. Petit's salary was increased to \$360,000 effective April 1, 2012. Effective October 1, 2012, Mr. Petit's salary was increased to \$425,000 in line with the Compensation Committee's prior approval. During 2011, Mr. Petit was an eligible participant in the 2011 MiMedx MIP with a targeted base bonus equal to 50% of Mr. Petit's 2011 annual base salary to be earned based upon the Company's consolidated 2011 Earnings Before Interest, Taxes, Depreciation, Amortization and Share-Based Compensation (MiMedx EBITDA). Mr. Petit did not earn any amount of the 2011 MIP. For 2012, Mr. Petit is an eligible participant in the 2012 MiMedx MIP with a targeted base bonus equal to 50% of Mr. Petit's 2012 annual base salary to be earned based upon a combination of the Company's consolidated 2012 MiMedx EBITDA (85% of Mr. Petit's targeted base bonus is based upon 2012 MiMedx EBITDA) and Mr. Petit's individual performance (15% of Mr. Petit's targeted base bonus is based upon individual performance, provided a threshold level of 2012 MiMedx EBITDA is achieved).

On February 23, 2010, the Compensation Committee approved an increase in Mr. Taylor's base salary from \$225,000 to \$300,000 effective March 31, 2010. During 2011, Mr. Taylor was an eligible participant in the 2011 MiMedx MIP with a targeted base bonus equal to 50% of Mr. Taylor's 2011 annual base salary to be earned based upon the Company's consolidated 2011 MiMedx EBITDA. Mr. Taylor did not earn any amount of the 2011 MIP. For 2012, Mr. Taylor is an eligible participant in the 2012 MiMedx MIP with a targeted base bonus equal to 50% of Mr. Taylor's 2012 annual base salary to be earned based upon a combination of the Company's consolidated 2012 MiMedx EBITDA (85% of Mr. Taylor's targeted base bonus is based upon 2012 MiMedx EBITDA) and Mr. Taylor's individual performance (15% of Mr. Taylor's targeted base bonus is based upon individual performance, provided a threshold level of 2012 MiMedx EBITDA is achieved).

On March 18, 2011, the Compensation Committee approved an increase in Mr. Senken's base salary from \$170,000 to \$200,000 effective January 15, 2011, the anniversary date of his employment. On February 23, 2012 the Compensation Committee approved a further increase in Mr. Senken's base salary to \$250,000 effective April 1, 2012. During 2011, Mr. Senken was an eligible participant in the 2011 MiMedx MIP with a targeted base bonus equal to 40% of Mr. Senken's 2011 annual base salary to be earned based upon a combination of the Company's consolidated 2011 MiMedx EBITDA (75% of Mr. Senken's targeted base bonus was based upon 2011 MiMedx EBITDA) and Mr. Senken's individual performance (25% of Mr. Senken's targeted base bonus was based upon individual performance, provided a threshold level of 2011 MiMedx EBITDA was achieved). Mr. Senken did not earn any amount of the 2011 MIP. For 2012, Mr. Senken is an eligible participant in the 2012 MiMedx MIP with a targeted base bonus equal to 40% of Mr. Senken's 2012 annual base salary to be earned based upon a combination of the Company's consolidated 2012 MiMedx EBITDA (75% of Mr. Senken's targeted base bonus is based upon 2012 MiMedx EBITDA) and Mr. Senken's individual performance (25% of Mr. Senken's targeted base bonus is based upon individual performance, provided a threshold level of 2012 MiMedx EBITDA is achieved).

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table shows the number of shares covered by exercisable and unexercisable options held by our Named Executive Officers on December 31, 2011. We have not made any equity awards under incentive plans and no equity incentive plan awards were outstanding on December 31, 2011.

Name	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Option Exercise Price (\$)	Option Expiration Date
	Options (#) Exercisable	Options (#) Unexercisable		
Parker H. Petit	725,000		\$ 0.73	2/23/2019
		62,500(1)	0.50	7/30/2014
	75,000	150,000(2)	1.65	2/22/2020
	33,333	66,667(3)	1.20	5/10/2020
		125,000(4)	1.35	1/4/2021
		300,000(5)	1.23	3/17/2021
		500,000(6)	1.05	6/28/2021
		200,000(7)	1.10	12/13/2021
William C. Taylor		800,000(8)	1.25	2/22/2022
	7,500	2,500(9)	0.50	7/30/2019
	562,500	187,500(10)	0.70	9/21/2019
	116,655	233,345(2)	1.65	2/22/2020
		75,000(4)	1.35	1/4/2021
		225,000(5)	1.23	3/17/2021
		125,000(11)	1.18	8/2/2021
		115,000(7)	1.10	12/13/2021
Michael J. Senken		600,000(8)	1.25	2/22/2022
	50,000	100,000(12)	0.87	1/14/2020
	33,333	66,667(2)	1.65	2/22/2020
	8,333	16,667(3)	1.20	5/10/2020
		50,000(4)	1.35	1/4/2021
		110,000(5)	1.23	3/17/2021
		175,000(7)	1.10	12/13/2021
		150,000(8)	1.25	2/23/2022

- (1) The unexercisable portion of this option vests and becomes exercisable on July 31, 2012.
- (2) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of February 23, 2012 and 2013.
- (3) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of May 11, 2012, and 2013.
- (4) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of January 5, 2012, 2013 and 2014.
- (5) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of March 18, 2012, 2013 and 2014.
- (6) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of June 29, 2012, 2013 and 2014.
- (7) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of December 14, 2012, 2013 and 2014.
- (8) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of February 23, 2013, 2014 and 2015.
- (9) Mr. Taylor received these options for consulting services prior to his appointment as President and Chief Operating Officer.
- (10) The unexercisable portion of this option vests and becomes exercisable on September 22, 2012.

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- (11) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of August 3, 2012, 2013 and 2014.
 (12) The unexercisable portion of this option vests and becomes exercisable in equal installments on each of January 15, 2012 and 2013
 During 2011, Mr. Petit exercised 275,000 options at an exercise price of \$0.73, and 187,500 options with an exercise price of \$0.50.

Below is a description of the Company's equity-based incentive plans:

MiMedx Group, Inc. Assumed 2006 Stock Incentive Plan

MiMedx, Inc. adopted its 2006 Stock Incentive Plan effective November 27, 2006 (the "Plan"). The Plan was assumed by Alynx, Co. in a merger transaction (the "Merger"), and thereafter by MiMedx Group, Inc. In July 2008, the Plan was renamed the "MiMedx Group, Inc. Assumed 2006 Stock Incentive Plan." The Plan is administered by the Compensation Committee. See "Approval of Amendment of Assumed 2006 Stock Incentive Plan (Proposal 3)" below for additional information regarding the Plan.

Assumption of the SpineMedica Corp. Stock Option Plans

Each stock option to purchase shares of SpineMedica Corp.'s common stock (each a "SpineMedica Stock Option") that was outstanding immediately prior to the acquisition of SpineMedica Corp., whether or not then vested or exercisable (each, an "Assumed Option"), as adjusted, was assumed by MiMedx, Inc. when it acquired SpineMedica Corp., by Alynx, Co. upon consummation of the Merger, and thereafter by MiMedx Group, Inc.

MiMedx, Inc. 2005 Assumed Stock Plan (formerly the SpineMedica Corp. 2005 Employee, Director and Consultant Stock Plan)

MiMedx, Inc. assumed the SpineMedica Corp. 2005 Employee, Director, and Consultant Stock Plan (the "2005 Assumed Plan") in connection with its acquisition of SpineMedica Corp. in July 2007. Following MiMedx, Inc.'s acquisition of SpineMedica Corp., the Board of Directors of MiMedx, Inc. declared that no awards (as defined in the 2005 Assumed Plan) would be issued under the 2005 Assumed Plan. The 2005 Assumed Plan was assumed by Alynx, Co. in the Merger and thereafter by MiMedx Group, Inc. The 2005 Assumed Plan is administered by the Compensation Committee. All share amounts in this section represent numbers of shares of MiMedx Group, Inc. common stock. As of December 31, 2011, options to acquire 365,000 shares are outstanding under the 2005 Assumed Plan.

MiMedx, Inc. Assumed 2007 Stock Plan (formerly the SpineMedica Corp. 2007 Stock Incentive Plan)

MiMedx, Inc. assumed the SpineMedica Corp. 2007 Stock Incentive Plan (the "2007 Assumed Plan") in connection with its acquisition of SpineMedica Corp. in July 2007. Following MiMedx, Inc.'s acquisition of SpineMedica Corp., the Board of Directors of MiMedx, Inc. declared that no awards (as defined in the 2007 Assumed Plan) shall be issued under the 2007 Assumed Plan. The 2007 Assumed Plan was assumed by Alynx, Co. in the Merger and thereafter by MiMedx Group, Inc. The 2007 Assumed Plan is administered by the Compensation Committee. All share amounts in this section represent numbers of shares of MiMedx Group, Inc. common stock. As of December 31, 2011, options to acquire 10,000 shares are outstanding under the 2007 Assumed Plan.

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Potential Payments upon Termination or Change in Control

The Company has entered into change-in-control severance agreements with each of the Named Executive Officers. The agreements provide for compensation to the executive in the event the executive's employment with the Company is terminated following the consummation of a change-in-control for reasons other than the executive's death, disability or for Cause (as defined in the respective agreements), or if the executive voluntarily terminates employment for Good Reason (as defined in the respective agreements). The compensation payable under the agreements is a lump sum severance payment equal to a multiple of the executive's annual base salary and targeted base bonus as of the date of the change-in-control. The multiple applicable to Mr. Petit is three. The multiple applicable to Mr. Taylor is one and a half and the multiple applicable to Mr. Senken is one. In addition, following termination of employment, the executives are entitled to receive for a period of three years in the case of Mr. Petit, 18 months in the case of Mr. Taylor and one year in the case of Mr. Senken life, health insurance coverage (subject to a COBRA election), and certain other fringe benefits equivalent to those in effect at the date of termination and will be entitled to receive additional amounts, if any, relating to any excise taxes imposed on the executive as a result of Section 280G of the Code. The agreements require the executive to comply with certain covenants that preclude the executive from competing with the Company or soliciting customers or employees of the Company for a period following termination of employment equal to the period for which fringe benefits are continued under the applicable agreement. The agreements expire three years after a change in control of the Company or any successor to the Company.

Upon a change in control, as defined in the 2006 Stock Incentive Plan and subject to any requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), all outstanding awards vest and become exercisable.

Upon a Corporate Transaction (as defined in the 2005 Assumed Plan) and subject to any Code Section 409A requirements, with respect to outstanding options the administrator (currently the Compensation Committee) shall (i) make appropriate provision for the continuation of such options by substituting on an equitable basis for the shares then subject to such options either the consideration payable with respect to the outstanding shares of common stock in connection with the Corporate Transaction or securities of any successor or acquiring entity, or (ii) upon written notice to the participants, provide that all options must be exercised, within a specified number of days of the date of such notice, at the end of which period the options shall terminate, or (iii) terminate all options in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such options over the exercise price thereof. With respect to outstanding stock grants, the administrator shall either (i) make appropriate provisions for the continuation of such stock grants by substituting on an equitable basis for the shares then subject to such stock grants either the consideration payable with respect to the outstanding shares of common stock in connection with the Corporate Transaction or securities of any successor or acquiring entity, or (ii) upon written notice to the participants, provide that all stock grants must be accepted (to the extent then subject to acceptance) within a specified number of days of the date of such notice, at the end of which period the offer of the stock grants shall terminate, or (iii) terminate all stock grants in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such stock grants over the purchase price thereof, if any. In addition, in the event of a Corporate Transaction, the administrator may waive any or all Company repurchase rights with respect to outstanding stock grants.

Upon a change in control, as defined in the 2007 Assumed Plan and subject to any Code Section 409A requirements, all options and SARs outstanding as of the date of such change in control shall become fully exercisable, whether or not then otherwise exercisable. Any restrictions, performance criteria and/or vesting conditions applicable to any restricted award shall be deemed to have been met, and such awards shall become fully vested, earned and payable to the fullest extent of the original grant of the applicable award. Notwithstanding the foregoing, in the event of a merger, share exchange, reorganization, sale of all or substantially all of the assets of the Company, the administrator (currently the Compensation Committee) may, in its sole and absolute discretion, determine that any or all awards granted pursuant to the 2007 Assumed Plan shall not vest or become exercisable on an accelerated basis, if the Company or the surviving or acquiring corporation shall have taken such action, including but not limited to the assumption of awards granted under the 2007 Assumed Plan or the grant of substitute awards, as the administrator determines appropriate to protect the rights and interest of participants under the 2007 Assumed Plan.

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The following table sets forth in tabular form the potential post-employment payments due to the Named Executive Officers under the agreements discussed above, assuming the triggering event for the payments occurred on the last business day of the year ended December 31, 2011.

Executive	Cash Severance (1)(2)	Estimated Benefits (2)(3)	Estimated Value of Accelerated Equity Awards (4)	Estimated 280G Tax Gross-Ups (2)	Retirement Plans
Parker H. Petit	\$ 1,462,500	\$ 45,525	\$ 861,625	\$ 817,055	\$
William C. Taylor	\$ 675,000	\$ 22,763	\$ 344,650	\$ N/A	\$
Michael J. Senken	\$ 280,000	\$ 17,382	\$ 254,250	\$ N/A	\$

- (1) Includes a) annual base salary as of December 31, 2011, plus b) annual targeted bonus for the year ended December 31, 2011, times the multiple applicable to the named executive.
- (2) Payable only in the event the executive's employment is terminated without cause or for good reason within three years of following a change in control
- (3) Includes a) the estimated value of medical, dental, vision and life insurance, plus b) the employer's cost of FICA for the duration of the severance period.
- (4) Includes the accelerated value of unvested stock options as of December 31, 2011, which are in-the-money based on the December 31, 2011, stock price.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information about our equity compensation plans of MiMedx as of December 31, 2011:

	A	B	C
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights reflected in column (A)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))*
Equity compensation plans approved by security holders	10,333,583	\$ 1.17	2,541,417
Equity compensation plans not approved by security holders			
Total	10,333,583	\$ 1.17	2,541,417

DIRECTOR COMPENSATION

The following table provides information concerning compensation of our directors for the year ended December 31, 2011. The compensation reported is for services as directors. Only those directors who received compensation for such services during the year ended December 31, 2011, are listed.

Name	Fees Earned or Paid in Cash (1)	Stock Awards \$	Option Awards \$	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total \$
Kurt M. Eichler	\$ 56,194		8,850(2)(3)				65,044
Larry W. Papasan	\$ 64,195		8,850(2)(4)				73,045
Charles E. Koob	\$ 42,694		8,850(2)(5)				51,544
Andrew K. Rooke, Jr.	\$ 37,694		8,850(2)(4)				46,544
Joseph G. Bleser	\$ 69,070		8,850(6)				77,914
J. Terry Dewberry	\$ 71,945		8,850(6)				80,789
Bruce L. Hack	\$ 37,694		8,850(6)				46,538
Steve Gorlin	\$		8,850(7)				8,843

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- (1) Amount represents fees paid in during the year ended December 31, 2011.
- (2) Annual stock option grant of 15,000 shares which vests in equal installments on December 14, 2012, 2013 and 2014.
- (3) Mr. Eichler has an aggregate of 30,000 options outstanding and no outstanding stock awards as of December 31, 2011.
- (4) Named director has an aggregate of 80,000 options outstanding and no outstanding stock awards as of December 31, 2011.

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- (5) Mr. Koob has an aggregate of 130,000 options outstanding and no outstanding stock awards as of December 31, 2011.
- (6) Named director has an aggregate of 65,000 options outstanding and no outstanding stock awards as of December 31, 2011.
- (7) Mr. Gorlin has an aggregate of 110,000 options outstanding and not outstanding stock awards as of December 31, 2011.
- (8) The Company follows the provisions of ASC topic 718 Compensation Stock compensation which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments. The assumptions made in the valuation of our option awards is disclosed in Note 11 to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2011.

Our compensation policy for our non-employee directors, as revised effective May 11, 2010, is as follows:

an annual cash retainer of \$25,000 for service as a member of the Board;

an annual cash retainer of \$10,500 for service as a chairman of the Audit Committee;

an annual cash retainer of \$7,500 for service as a chairman of the Compensation Committee;

an annual cash retainer of \$5,000 for service as a chairman of the Nominating and Governance Committee;

an annual cash retainer of \$2,500 for service as a non-chairman member of a Board committee; and

meeting attendance fees of \$1,000 per Board of Directors or committee meeting attended in person and \$1,000 per Board of Directors or committee meeting attended telephonically.

Each non-employee director also receives a grant of 45,000 options to purchase our common stock upon being first elected or appointed to the Board of Directors. In addition, on the date of the annual meeting of the shareholders, each non-employee director who has been a director for at least 12 months receives a grant of options to purchase 15,000 shares of our common stock. The options vest in three equal installments on each anniversary of the grant date. Directors who are employees of the Company receive no compensation for their service as directors or as members of board committees.

STOCK OWNERSHIP

The following table sets forth certain information regarding our capital stock, beneficially owned as of September 14, 2012, by each person known to us to beneficially own more than 5% of our common stock, each Named Executive Officer and director, and all directors and executive officers as a group. We calculated beneficial ownership according to Rule 13d-3 of the Exchange Act as of that date. Unless otherwise indicated below, the address of those identified in the table is MiMedx Group, Inc., 60 Chastain Center Blvd., Suite 60, Kennesaw, Georgia 30144.

Name and address of beneficial owner	Number of Shares (1)	Percentage Ownership (1)
Parker H. Pete Petit (2)	13,879,419	15.35%
ADEC Private Equity Investments, LLC (3)	5,536,832	6.48%
Charles E. Koob (4)	1,564,653	1.83%
William C. Taylor (5)	1,234,999	1.43%
Steve Gorlin (6)	1,126,645	1.32%

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Name and address of beneficial owner	Number of Shares (1)	Percentage Ownership (1)
Kurt M. Eichler (7)	723,406	*
Bruce L. Hack (8)	696,768	*
Roberta McCaw (9)	410,223	*
Michael J. Senken (10)	236,664	*
Andrew K. Rooke, Jr. (11)	214,666	*
Larry W. Papasan (12)	183,668	*
Joseph G. Bleser (13)	109,585	*
J. Terry Dewberry (14)	66,666	*
Total Directors and Executive Officers (12 persons)(15)	20,447,362	22.06%

* Less than 1%

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to shares beneficially owned. Unless otherwise specified, reported ownership refers to both voting and investment power. Stock options, warrants and convertible securities which are exercisable within 60 days are deemed to be beneficially owned. On September 14, 2012, there were 85,452,774 shares of common stock issued and outstanding, net of 50,000 shares of common stock held in treasury.
- (2) Includes (i) 5,704,420 shares held by Mr. Petit; (ii) 1,774,999 shares of common stock issuable upon the exercise of vested options; (iii) 400,000 shares that are subject to currently exercisable warrants; (iv) 2,925,000 shares of common stock and currently exercisable warrants to purchase 975,000 shares of common stock held by each of Cox Road Partners, LLLP, Cox Road Partners II, LLLP, and Petit Investments II, LLLP, limited liability limited partnerships over which Mr. Petit possesses sole voting and investment control and for which Mr. Petit serves as General Partner; (v) 150,000 shares of common stock and held by the Parker H. Petit Grantor Trust over which Mr. Petit serves as the trustee; (vi) 150,000 shares of common stock held by Petit Investments, LP, a limited partnership where Mr. Petit serves as General Partner and Limited Partner and possesses shared voting and investment control and (vii) 1,800,000 shares subject to the exercise of convertible debt.
- (3) The number of shares owned is based on information contained in a report on Schedule 13D filed with the SEC on August 8, 2012. The address of ADEC Private Equity Investments, LLC (ADEC) is 172 South Ocean Blvd., Palm Beach, FL 33480. According to its Schedule 13D, ADEC, in its capacity as a private investor, may be deemed to beneficially own 5,536,832 shares of the Company's common stock and has the sole power to vote or to direct the vote or to dispose or to direct the disposition of shares held by ADEC.
- (4) Includes (i) 615,000 shares held jointly by Mr. Koob and his wife; (ii) 789,653 shares held individually by Mr. Koob; (iii) 110,000 shares that are subject to currently exercisable stock options; and (iv) 50,000 shares that may be acquired upon the exercise of warrants held individually by Mr. Koob.
- (5) Includes (i) 100,000 shares owned by Mr. Taylor and (ii) 1,134,999 shares that are subject to currently exercisable stock options.
- (6) Includes (i) 601,857 shares held in a trust for the benefit of Mr. Gorlin; (ii) 434,788 shares held by Mr. Gorlin's wife; and (iii) 90,000 shares that are subject to currently exercisable stock options.
- (7) Includes (i) 663,406 shares owned by Mr. Eichler (ii) 10,000 shares that are subject to currently exercisable stock options and (iii) 50,000 shares that may be acquired upon the exercise of warrants.
- (8) Includes (i) 450,935 shares owned by Mr. Hack; (ii) 208,333 shares that are subject to currently exercisable warrants; and (iii) 37,500 shares that are subject to currently exercisable stock options.
- (9) Includes (i) 267,724 shares owned by Ms. McCaw and (ii) 142,499 shares that are subject to currently exercisable stock options.
- (10) Includes 236,664 shares that are subject to currently exercisable stock options.
- (11) Includes (i) 154,666 shares owned by Mr. Rooke; and (ii) 60,000 shares that are subject to currently exercisable stock options.
- (12) Includes (i) 61,168 shares owned by Mr. Papasan; (ii) 62,500 shares held in a trust for the benefit of Mr. Papasan; (iii) 60,000 shares that are subject to currently exercisable stock options.
- (13) Includes (i) 59,585 shares owned by Mr. Bleser; and (ii) 50,000 shares that are subject to currently exercisable stock options.
- (14) Includes (i) 16,166 shares owned by Mr. Dewberry; and (ii) 50,000 shares that are subject to currently exercisable stock options.
- (15) Includes (i) shares controlled or held for the benefit of the executive officers and directors; (ii) 3,756,661 shares that are subject to stock options that are currently exercisable or exercisable within 60 days; (iii) 1,683,333 shares that are subject to currently exercisable warrants; and 1,800,000 shares subject to the exercise of convertible debt.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures for Approval of Related Party Transactions

Under its charter, our Audit Committee is responsible for reviewing and approving all transactions or arrangements between the Company and any of our directors, officers, principal shareholders or any of their respective affiliates, associates or related parties. In determining whether to approve or ratify a related party transaction, the Audit Committee considers all relevant facts and circumstances available to it, such as:

whether the terms of the transaction are fair to the Company and at least as favorable to the Company as would apply if the transaction did not involve a related party;

whether there are demonstrable business reasons for the Company to enter into the transaction;

whether the transaction would impair the independence of an outside director; and

whether the transaction would present an improper conflict of interest for any director or executive officer, taking into account the size of the transaction, the direct or indirect nature of the related party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Audit Committee deems relevant.

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Transactions

Exercise of Warrants

In 2010, we conducted a private placement of our common stock and warrants (the "2010 Private Placement"). In connection with our 2010 Private Placement, we issued callable warrants, first contingent warrants and second contingent warrants. Under the terms of the offering, for every two shares of common stock purchased, the holder received a five year callable warrant to purchase one share of the Company's common stock at an exercise price of \$1.50 per share. The callable warrant was callable by the Company at any time if the closing sale price of our common stock exceeded \$1.75 per share for 15 or more consecutive trading days. Upon written notice, the Company was entitled to redeem the callable warrant at a price of \$0.01 per share. Each holder also received a first contingent warrant to purchase 25% of the number of shares of common stock purchased in the offering at an exercise price of \$0.01 per share, which was exercisable only in the event that our gross revenues as reported in our audited financial statements for the year ended December 31, 2011, did not equal or exceed \$11,500,000, and further provided that the first contingent warrant was null and void in the event that, prior to the date of issuance of such audited financial statements (the "First Measurement Date"), the closing trading price of our common stock was at least \$1.50 per share for ten or more consecutive trading days. The first contingent warrants vested in March 2012.

In addition, each holder received a second contingent warrant to purchase 25% of the number of shares of our common stock purchased in the offering at an exercise price of \$0.01 per share which is exercisable only in the event that our gross revenues as reported in our audited financial statements for the year ended December 31, 2012, do not equal or exceed \$31,150,000, and further provided that such second contingent warrant shall be null and void in the event that, between the First Measurement Date and the date of issuance of our audited financial statements for the year ended December 31, 2012, (the "Second Measurement Date"), the closing trading price of our common stock was at least \$1.75 for ten (10) or more consecutive trading days. The second contingent warrants became null and void in July 2012.

Parker H. Petit, our Chairman and Chief Executive Officer, invested \$1,006,664 in the 2010 Private Placement and received 1,006,664 shares of our common stock, 503,332 callable warrants, 251,666 first contingent warrants and 251,666 second contingent warrants under the terms of our 2010 Private Placement. Mr. Petit decided to exercise his first contingent warrants at an exercise price of \$0.01 per share in 2012 and received 251,666 shares of our common stock. As of the close of the stock market on July 3, 2012, the closing trading price of our common stock had traded at or above \$1.75 per share for a total of ten consecutive trading days, which rendered null and void all second contingent warrants issued by the Company in the 2010 Private Placement. In July 2012, the Company decided to exercise our right to call the callable warrants issued in our 2010 Private Placement since the closing trading price of our common stock had traded at or above \$1.75 per share for a total of 15 consecutive trading days. Mr. Petit elected to exercise his callable warrants by paying the exercise price of \$450,000 and received 300,000 shares of our common stock in exchange for such callable warrants.

Senior Secured Promissory Notes

On March 31, 2011, Mr. Petit entered into a Subscription Agreement for a 5% Convertible Senior Secured Promissory Note in the principal sum of up to \$1,300,000 and agreed to purchase a 5% Convertible Senior Secured Promissory Note ("Petit Note") in the amount borrowed by the Company, and a First Contingent Warrant ("First Contingent Warrant") and a Second Contingent Warrant ("Second Contingent Warrant") to Purchase Common Stock in each case equal to 25% of the number of shares that would be issuable upon the conversion of the principal of the Note. At the option of Mr. Petit, the Petit Note is convertible into the number of shares of common stock of the Company equal to the quotient of the outstanding principal amount and accrued interest of the Petit Note as of the date of such election divided by \$1.00 per share.

The first borrowing in the amount of \$800,000 was on March 31, 2011, resulting in the issuance of 400,000 contingent warrants to purchase shares of common stock at an exercise price of \$0.01 per warrant. Additional borrowings in the amount of \$500,000 were drawn during the three months ended June 30, 2011, resulting in the issuance of 250,000 contingent warrants at an exercise price of \$0.01 per warrant. On February 28, 2012, 325,000 First Contingent Warrants vested to Mr. Petit at an exercise price of \$0.01 per share. On July 3, 2012, the Second Contingent Warrants became null and void.

In December 2011, Mr. Petit also participated in the Company's private placement of 5% Convertible Senior Secured Promissory Notes (the "Notes"), Conversion Warrants, First Contingent Warrants and Second Contingent Warrants. Mr. Petit purchased Notes in an aggregate of \$500,000 based upon his commitment to lend the Company up to \$1,500,000 to the extent other lenders did not subscribe to the Company's offering of Notes. The Notes purchased by Mr. Petit are convertible into 500,000 shares of our common stock at \$1.00 per share at any time upon Mr. Petit's election. The Notes bear interest at 5% per annum payable in cash on a quarterly basis, with all unpaid interest being due and payable upon maturity. Unless the Company has repaid the Notes in full prior to December 31, 2012, the Company must pay to each holder an additional interest payment in the amount of 5% of the aggregate outstanding principal amount of such Notes as of December 31, 2012. At the holder's election, unpaid interest is convertible into shares of Common Stock at \$1.00 per share.

Mr. Petit also received a Conversion Warrant to purchase that number of shares of our common stock equal to the number of shares of common stock that would be issuable upon the conversion of the principal of Mr. Petit's Notes at an exercise price of \$1.00 per share, provided that such Conversion Warrants shall only be exercisable for the number of shares of our common stock that would have been issued upon conversion of any portion of the principal of the Notes that is, in fact, prepaid prior to the maturity date. The Conversion Warrants will expire on December 31, 2013. The shares of common stock issuable upon exercise of the Conversion Warrant do not carry registration rights. The Conversion Warrants must be exercised for cash. In addition, Mr. Petit also received a First Contingent Warrant to purchase 125,000 shares of our common stock at an exercise price of \$0.01 per share provided that the Company's gross revenues did not equal or exceed \$11,500,000 for the year ended December 31, 2011, which he exercised in 2012. Mr. Petit further received a Second Contingent Warrant which by the terms and conditions of such warrant was rendered null and void since the closing trading price of our common stock traded at or above \$1.75 for 15 consecutive trading days.

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The Notes and the Petit Note became secured by a first priority lien in all of the patents and other intellectual property owned by the Company and its subsidiaries on July 5, 2012 when, the Convertible Secured Promissory Notes in the principal sum of \$1,250,000 issued January 5, 2011, in connection with the acquisition of Surgical Biologics, LLC, were paid in full. In addition, in December 2011, the Company and Mr. Petit entered into an Amended and Restated Security Agreement and Intercreditor Agreement and certain other amendments to the documents executed in connection with the Petit Notes. The Company may repay and reborrow, provided that there is no event of default, as needed.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and any beneficial owner of more than ten percent of a registered class of the Company's equity securities, to file reports (Forms 3, 4 and 5) of stock ownership and changes in ownership with the SEC. Officers, directors and beneficial owners of more than ten percent of the common stock are required by SEC regulations to furnish the Company with copies of all such forms that they file.

Based solely on the Company's review of the copies of Forms 3, 4, and 5 the Company believes that during the year ended December 31, 2011, all filing requirements were complied with by its executive officers, directors and beneficial owners of more than ten percent of the common stock, with the exception that Mr. Petit was late in filing one Form 4 in connection with the conversion of his promissory notes in February 2011.

AMENDMENT OF THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF CAPITAL STOCK

(PROPOSAL 2)

Shareholders are being asked to approve an amendment to the Company's Articles of Incorporation (the "Articles") to increase the number of authorized shares of the Company's capital stock from 115,000,000 shares to 135,000,000 shares, and to increase the number of shares designated as common stock from 110,000,000 shares (\$.001 par value) to 130,000,000 shares (\$.001 par value). At the August 2, 2012 Board meeting, the Board of Directors approved this amendment, subject to shareholder approval, and directed that this amendment be submitted to a vote of the Company's shareholders at the Annual Meeting of Shareholders. The Board has determined that this amendment is in the best interests of the Company and its shareholders and recommends approval by the shareholders.

The Articles currently authorize the issuance of up to 115,000,000 shares of capital stock of which 110,000,000 shares are designated as common stock (\$.001 par value) and 5,000,000 shares are designated as preferred stock (\$.001 par value). As of the close of business on September 14, 2012, 85,452,774 shares of common stock were outstanding. In addition, as of the close of business on August 31, 2012, the Company had 13,117,234 shares of common stock subject to outstanding stock options, 3,757,766 shares reserved for issuance pursuant to future grants under the Company's current stock incentive plans, and 4,418,334 shares of common stock subject to outstanding warrants. No preferred stock has been issued or is outstanding. The proposed amendment will not increase or otherwise affect the Company's authorized preferred stock. In addition, the Company may be obligated to issue 6,300,000 shares of common stock related to our outstanding convertible debt. There is also an obligation to issue shares of common stock based upon an earnout calculation related to the acquisition of Surgical Biologics. Based upon the estimated liability on the Company's Balance Sheet as of June 30, 2012, and the closing share price of \$2.45 as of June 30, 2012 the Company would have issued 1,724,604 shares of stock in payment of the earnout.

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The additional common stock to be authorized by adoption of the proposed amendment would have rights identical to the currently outstanding common stock of the Company. Adoption of the proposed amendment and issuance of the additional common stock would not affect the rights of the holders of currently outstanding common stock of the Company, except for effects incidental to increasing the number of shares of the Company's common stock outstanding, such as dilution of the voting rights of current holders of common stock. If the amendment is adopted, it will become effective upon filing of a Certificate of Amendment of the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Florida.

Purpose of Amendment

The Board believes it is in the best interest of the Company to increase the number of authorized shares of common stock in order to give the Company greater flexibility in considering and planning for future potential business needs. The additional shares may be used for various purposes without further stockholder approval, subject to applicable laws and applicable listing requirements that may require stockholder approval for certain issuances of additional shares.

The Company has no current plan, commitment, arrangement, understanding or agreement regarding the issuance of the additional authorized shares of common stock resulting from the increase proposed herein. The additional shares of common stock will be available for issuance by the Board for various corporate purposes, including but not limited to, financings, potential strategic transactions, including mergers, acquisitions, strategic partnerships, joint ventures, divestitures, and business combinations, stock splits, stock dividends, grants under employee stock incentive plans, as well as other general corporate transactions.

Having this additional authorized common stock available for future use will allow the Company to issue additional shares of common stock without the expense and delay of arranging a special meeting of shareholders.

Possible Effects of the Amendment and Additional Anti-takeover Consideration

The additional shares of common stock that would become available for issuance if the proposal is adopted could also be used by the Company to oppose a hostile takeover attempt or to delay or prevent changes in control or management of the Company. For example, without further stockholder approval, the Board of Directors could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board of Directors. Although this proposal to increase the authorized common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board of Directors currently aware of any such attempts directed at the Company), stockholders should be aware that approval of the proposal could facilitate future efforts by the Company to deter or prevent changes in control of the Company, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

If the Company's shareholders approve the Proposal, the Board will have authority to file with the Secretary of State of Florida an amendment to the Company's Articles to authorize an additional 20,000,000 shares of capital stock, all of which shall be designated as common stock (\$.001 par value). Upon approval and following such filing with the Secretary of State of the State of Florida, the amendment will become effective on the date it is filed. The amendment proposed by the Company to the Articles (assuming approval of this Proposal 2) is attached to this proxy statement as Appendix A.

Neither Florida law, the Company's Articles, nor the Company's amended and restated bylaws provides for appraisal or other similar rights for dissenting shareholders in connection with this proposal. Accordingly, the Company's shareholders will have no right to dissent and obtain payment for their shares.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THE
AMENDMENT OF THE COMPANY'S ARTICLES
TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK
APPROVAL OF AMENDMENT TO ASSUMED 2006 STOCK INCENTIVE PLAN
(PROPOSAL 3)

The Board of Directors has approved and recommends that the shareholders of the Company ratify and approve the amendment of the Company's Assumed 2006 Stock Incentive Plan (the "Plan") to increase the number of authorized shares of common stock that may be issued under the Plan from 12,500,000 to 16,500,000 shares. A copy of the Plan, as amended, is attached as Appendix B. Approval of the amendment of the Plan by the shareholders is intended, among other things, to qualify options, stock grants and stock appreciation rights ("SARs") granted under the plan as performance-based compensation, which is not subject to the limits on deductibility of Section 162(m) of the Code, described further below, and to enable the Company to grant incentive stock options ("ISOs") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

The Plan was adopted by a predecessor organization effective November 27, 2006. The purpose of the Plan is to encourage and enable selected employees, directors, and independent contractors of the Company and its affiliates to acquire or increase their holdings of common stock and other equity-based interests in the Company in order to promote a closer identification of their interests with ours, thereby stimulating their efforts to enhance our efficiency, soundness, profitability, growth and shareholder value. Persons eligible to participate in the Plan are such employees, officers, directors, independent contractors and consultants of the Company or one of its subsidiaries (or future parent companies) as the administrator of the Plan in its discretion, shall designate from time to time. As of August 31, 2012, the Company employed approximately 121 full-time personnel.

Summary of the Plan

Shares Available for Issuance under the Plan

Of the 12,500,000 shares previously authorized by the shareholders to be issued under the Plan, as of December 31, 2011, 10,333,583 shares were subject to outstanding options, and 2,166,147 shares remained available for future issuance. On May 10, 2012, the Board amended the Plan to provide that an additional 4,000,000 shares of the Company's common stock may be issued pursuant to the Plan. The aggregate 4,000,000 additional shares represent approximately 4.7 % of the Company's common stock outstanding as of September 14, 2012.

Of the shares available for issuance under the Plan, the maximum that we may issue pursuant to incentive stock options is 16,500,000. In addition, if and to the extent that Section 162(m) of the Code is applicable:

we may not grant to any participant options or SARs that are not related to an option for more than 1,000,000 shares of common stock in any calendar year;

we may not grant to any participant awards for more than 1,000,000 shares of common stock in any calendar year; and

participants may not be paid more than \$2,000,000 with respect to any cash-settled award granted in any calendar year, subject in each case to adjustments as provided in the Plan.

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The following will not be included in calculating the share limitations set forth above:

dividends;

awards which by their terms are settled in cash rather than the issuance of shares;

shares subject to an award that are repurchased or reacquired by us; and

any shares a participant surrenders or we withhold to pay the option or purchase price for an award or use to satisfy any tax withholding requirement in connection with the exercise, vesting, or earning of an award.

We will further adjust the number of shares reserved for issuance under the Plan and the terms of awards in the event of an adjustment to the capital stock structure of the Company or one of our affiliates due to a merger, consolidation, reorganization, stock split, stock dividend or similar event.

Administration, Amendment and Termination

Currently, our Compensation Committee administers the Plan. In this discussion, we refer to our Compensation Committee as the administrator. Subject to certain restrictions set forth in the Plan, the administrator has full and final authority to take actions and make determinations with respect to the Plan.

Subject to certain terms and conditions, the administrator may delegate to one or more of our officers the authority to grant awards, and to make determinations otherwise reserved for the administrator with respect to such awards.

Our Board of Directors may amend, alter, or terminate the Plan at any time, subject to certain exceptions and restrictions set forth in the Plan. Our Board of Directors may also amend, alter, or terminate any award, although participant consent may be required.

The administrator may amend the Plan and any award, without participant consent and, except where required by applicable laws, without shareholder approval, in order to comply with applicable laws. In addition, the administrator may make adjustments to awards upon the occurrence of certain unusual or nonrecurring events. The administrator may (subject to certain Plan limitations) cause any award or any portion thereof to be cancelled in consideration of an alternative award or cash payment of an equivalent cash value. The administrator also may determine that a participant's rights, payments, and/or benefits with respect to an award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events. Except to the extent otherwise required under Code Section 409A, the administrator also may modify or extend the terms and conditions for exercise, vesting, or earning of an award and/or accelerate the date that any award may become exercisable, vested, or earned, without any obligation to accelerate any other award.

Options

The Plan authorizes the grant of both incentive stock options and nonqualified stock options. The administrator will determine the option price at which a participant may exercise an option. The option price may not be less than 100% of the fair market value on the date of grant (or 110% of the fair market value with respect to incentive stock options granted to a 10% or more shareholder) and also may not be less than the par value per share (subject to certain exceptions in the case of substitute or assumed options).

Unless an individual award agreement provides otherwise, a participant may pay the option price in cash or, to the extent permitted by the administrator and applicable laws, by tendering shares of common stock, by the withholding of shares upon exercise, by such other consideration as the administrator may deem appropriate, or a combination of the foregoing.

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At the time of option grant, the administrator will determine the terms and conditions of an option, the period or periods during which an option is exercisable, and the option term (which, in the case of incentive stock options, may not exceed ten years, or five years with respect to a 10% or more shareholder). Options are also subject to certain restrictions on exercise if the participant terminates employment or service.

Stock Appreciation Rights

Subject to the limitations of the Plan, the administrator may in its sole discretion grant SARs to such eligible individuals, in such numbers, upon such terms and at such times as the administrator shall determine. SARs may be granted to the holder of an option (a related option) with respect to all or a portion of the shares of common stock subject to the related option (a related SAR) or may be granted separately to an eligible individual (a freestanding SAR). The consideration to be received by the holder of an SAR may be paid in cash, shares of common stock (valued at fair market value on the date of the SAR exercise), or a combination thereof, as determined by the administrator. Upon the exercise of an SAR, the holder of an SAR is entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the fair market value per share of common stock on the date of exercise over the base price per share of such SAR by (ii) the number of shares of common stock with respect to which the SAR is being exercised. The base price may be no less than 100% of the fair market value per share of common stock on the date the SAR is granted (except in the case of certain substituted or assumed SARs in a merger or similar transaction).

SARs are exercisable according to the terms established by the administrator and stated in the applicable award agreement. Upon the exercise of a related SAR, the related option is deemed to be cancelled to the extent of the number of shares of common stock for which the related SAR is exercised. No SAR may be exercised more than ten years after it was granted, or such shorter period as may apply to with respect to a particular SAR. Each award agreement will state the extent to which a holder may have the right to exercise an SAR following termination of the holder's employment or service with the Company or an affiliate, as determined by the administrator.

Restricted Awards

Subject to the limitations of the Plan, the administrator may grant restricted awards to such individuals in such numbers, upon such terms, and at such times as the administrator shall determine. Restricted awards may be in the form of restricted stock awards and/or restricted stock units that are subject to certain conditions which must be met for the restricted award to vest and be earned, in whole or in part, and be no longer subject to forfeiture. Restricted stock awards may be payable in common stock. Restricted stock units may be payable in cash or common stock, or a combination thereof.

Subject to certain limitations in the Plan, the administrator will determine the restriction period during which a participant may earn a restricted award and the conditions to be met in order for it to be granted or to vest or be earned. These conditions may include:

payment of a stipulated purchase price;

attainment of performance objectives;

continued service or employment for a certain period of time;

retirement;

displacement;

disability;

death; or

any combination of these conditions.

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Subject to the terms of the Plan and Code Section 409A requirements, the administrator determines whether and to what degree restricted awards have vested and been earned and are payable. If a participant's employment or service is terminated for any reason and all or any part of a restricted award has not vested or been earned pursuant to the terms of the Plan and the individual award, the participant will forfeit the award and related benefits unless the administrator determines otherwise.

Dividend and Dividend Equivalent

The administrator may provide that awards earn dividends or dividend equivalents, subject to restrictions set forth in the Plan. Such dividends or dividend equivalents may be paid currently or may be credited to a participant's account, subject to such restrictions and conditions as the administrator may establish.

Change in Control

Upon a change in control, as defined in the Plan and subject to any Code Section 409A requirements, awards vest and become immediately exercisable in full.

Transfer and Other Restrictions

Awards generally are not transferable other than by will or the laws of intestate succession or as may otherwise be permitted by the administrator, and participants may not sell, transfer, assign, pledge or otherwise encumber shares subject to such awards until the restriction period and/or performance period has expired and until all conditions to vesting the award have been met. As a condition to the issuance or transfer of common stock or the grant of any other Plan benefit, we may require a participant or other person to become a party to an agreement imposing such conditions or restrictions as we may require.

Certain Federal Income Tax Consequences

The following generally describes the principal federal (and not state and local) income tax consequences of awards granted under the Plan as of this time. The summary is general in nature and is not intended to cover all tax consequences that may apply to a particular participant or to the Company. The provisions of the Code and related regulations and other guidance are complicated and their impact in any one case may depend upon the particular circumstances.

Incentive Options

The grant and exercise of an incentive stock option generally will not result in taxable income to the participant if the participant does not dispose of shares received upon exercise of such option less than one year after the date of exercise and two years after the date of grant, and if the participant has continuously been an employee of the Company from the date of grant to three months before the date of exercise (or 12 months in the event of disability). However, the excess of the fair market value of the shares received upon exercise of the option over the option price generally will constitute an item of adjustment in computing the participant's alternative minimum taxable income for the year of exercise. Thus, certain participants may incur federal income tax liability as a result of the exercise of an incentive option under the alternative minimum tax rules of the Code.

The Company generally is not entitled to a deduction upon the exercise of an incentive option. Upon the disposition of shares acquired upon exercise of an incentive option, the participant will be taxed on the amount by which the amount realized exceeds the option price. This amount will be treated as capital gain or loss.

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If the holding period requirements described above are not met, the participant will have ordinary income in the year of disposition to the extent of the lesser of: (i) the fair market value of the stock on the date of exercise minus the option price or (ii) the amount realized on disposition of the stock minus the option price. The Company generally is entitled to deduct as compensation the amount of ordinary income realized by the participant.

Pursuant to the Code and the terms of the Plan, in no event can there first become exercisable by a participant in any one calendar year incentive stock options granted by the Company with respect to shares having an aggregate fair market value (determined at the time an option is granted) greater than \$100,000. To the extent an incentive option granted under the Plan exceeds this limitation; it will be treated as a nonqualified option.

Nonqualified Options

If a participant receives a nonqualified option, the difference between the fair market value of the stock on the date of exercise and the option price will constitute taxable ordinary income to the participant on the date of exercise. The Company generally will be entitled to a deduction in the same year in an amount equal to the income taxable to the participant.

Stock Appreciation Rights

The grant of an SAR will not result in taxable income to a participant or a tax deduction to the Company. Upon exercise of the SAR, the amount of cash and fair market value of shares received by the participant (determined at the time of delivery to the participant), less cash or other consideration paid (if any), is taxed to the participant as ordinary income and the Company generally will be entitled to receive a corresponding tax deduction.

Restricted Stock Awards

The grant of restricted stock awards will not result in taxable income to the participant or a tax deduction to the Company, unless the restrictions on the stock do not present a substantial risk of forfeiture or the award is transferable. In the year that the restricted stock is no longer subject to a substantial risk of forfeiture or the award is transferable, the fair market value of such shares at such date and any cash amount awarded, less cash or other consideration paid (if any), will be taxed to the participant as ordinary income, except that, in the case of restricted stock issued at the beginning of the restriction period, the participant may elect to include in his ordinary income at the time the restricted stock is awarded, the fair market value of such shares at such time, less any amount paid for the shares. The Company generally will be entitled to a corresponding tax deduction.

Restricted Stock Units and Dividend Equivalents

The federal income tax consequences of the award of restricted stock units or dividend equivalents will depend on the conditions of the award. Generally, the grant of one of these awards does not result in taxable income to the participant or a tax deduction to the Company. However, the participant will recognize ordinary compensation income at settlement of the award equal to any cash and the fair market value of any common stock received (determined as of the date that the award is not subject to a substantial risk of forfeiture or transferable). The Company generally is entitled to a deduction upon the participant's recognition of income in an amount equal to the ordinary income recognized by the participant.

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Section 409A of the Code

Section 409A of the Code imposes certain requirements on deferred compensation. The Company intends for the Plan to comply in good faith with the requirements of Section 409A of the Code including related regulations and guidance, where applicable and to the extent practicable. If, however, Section 409A of the Code is deemed to apply to an award, and the Plan and award do not satisfy the requirements of Section 409A of the Code during a taxable year, the participant will have ordinary income in the year of non-compliance in the amount of all deferrals subject to Section 409A of the Code to the extent that the award is not subject to a substantial risk of forfeiture. The participant will be subject to an additional tax of 20% on all amounts includible in income and may also be subject to interest charges under Section 409A of the Code. The Company generally will be entitled to an income tax deduction with respect to the amount of compensation includible as income to the participant. The Company undertakes no responsibility to take, or to refrain from taking, any actions in order to achieve a certain tax result for any participant.

Accounting Treatment

Stock Option grants or stock issuances made to employees or directors under the Plan are accounted for under the provisions of ASC topic 718 Compensation Stock compensation which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (options and warrants). Under the fair-value based method, total compensation expense related to such stock options or stock issuances is determined using the fair-value of the stock options or stock issuances on the date of grant. Total compensation expense is recognized on a straight-line basis over the vesting period of the applicable stock option or stock grant.

Description of the Changes to the Plan

Increase in Number of Shares. The amendment that the shareholders are being asked to approve includes an increase in the number of shares of Company common stock available for issuance under the Plan from 12,500,000 to 16,500,000. As of August 31, 2012, 1,193,415 shares of common stock have been issued under the Plan and are included in the number of shares outstanding. In addition, no shares remain available for issuance under the Plan as previously approved by shareholders at December 14, 2011. Awards under the Plan are determined on a case-by-case basis, based upon among other things, the participant's performance, overall compensation and the performance of the Company. Accordingly, future awards (new plan benefits) under the Plan are not determinable at this time. Reference is made to the sections captioned Executive Compensation and Outstanding Equity Awards at Fiscal Year End of this Proxy Statement for detailed information on stock incentive awards and exercises of such awards by certain executive officers under former and existing stock incentive plans.

Plan Benefits

During the period January 1, 2011 through December 31, 2011, the Compensation Committee granted options as follows: Messrs. Petit and Taylor and Senken were granted 1,125,000, 540,000 and 335,000 options, respectively; all other executives as a group were granted a total of 780,000 options; and all other employees and consultants as a group were granted a total of 1,138,500 options, for a total aggregate amount of 3,918,500 stock options. On each of March 18, 2011, and September 21, 2011, the Compensation Committee approved a pool of 100,000 options to be granted to certain consultants, subject to entering into final agreements with such consultants. Of these 200,000 authorized options, 120,000 options have been granted as of December 31, 2011, and are included in the total aggregate stock options granted in 2011.

Other than those grants, the selection of individuals who will receive awards of the newly authorized shares under the Plan and the amount of any such awards are subject to Compensation Committee discretion and are not yet determinable. Therefore, it is not possible to predict the benefits or amounts that will be received by, or allocated to, particular individuals or groups of employees in fiscal 2012. The number of shares of common stock subject to awards granted in fiscal 2011 to the Company's Named Executive Officers is set forth in this Proxy Statement in the Summary Compensation Table and the Grant of Plan-Based Awards Table.

Table of Contents**Market Price of the Common Stock**

The average high and low sales prices of the Company's common stock as reported on the OTCBB was \$2.70 on Sept 13, 2012. As of such date, there were 12,688,000 issued and outstanding options under the Plan with an aggregate market value of approximately \$34,257,600.

The preceding summary of the Plan is qualified in its entirety by reference to the complete text of the Plan set forth in Appendix B to this proxy statement.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE**AMENDMENT TO THE ASSUMED 2006 STOCK INCENTIVE PLAN****RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****(PROPOSAL 4)****Independent Registered Public Accounting Firm For 2012**

The Board of Directors, upon the recommendation of its Audit Committee, has selected Cherry, Bekaert & Holland L.L.P. to audit our accounts for the fiscal year ending December 31, 2012. Cherry, Bekaert & Holland L.L.P. has reported that none of its members has any direct financial interest or material indirect financial interest in us. Currently, our Audit Committee is composed of Mr. Dewberry, Mr. Papasan Mr. Bleser and Mr. Evans and has responsibility for recommending the selection of our independent registered public accounting firm.

The Audit Committee's pre-approval process for non-audit and audit-related services may be found in the charter of the Audit Committee.

Representatives of Cherry, Bekaert & Holland L.L.P. are expected to be present at the Annual Meeting of Shareholders. These representatives will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Audit Firm Fee Summary

The following table presents fees billed for professional audit services rendered by Cherry, Bekaert & Holland, L.L.P. for the audit of our annual financial statements for the year ended December 31, 2011, and nine months ended December 31, 2010 and fees billed for other services rendered by Cherry, Bekaert and Holland, L.L.P., our independent registered public accounting firm during these periods.

	Fiscal year end December 31, 2011	Fiscal Year end December 31, 2010
Audit Fees	\$ 184,114	\$ 90,000
Tax Fees	\$ 18,869	\$ 17,250
All Other Fees	\$	\$

Audit Fees. This category includes fees for (i) the audit of our annual financial statements and review of financial statements included in our quarterly reports on Form 10-Q; and (ii) services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for the relevant periods described above. There were no separate audit-related services or fees.

Audit-related Fees. This category includes fees for assurance and related services that are reasonably related to the performance of the audit or review of Company's financial statements and are not reported under Audit Fees.

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Tax Fees. This category consists of professional services rendered for tax compliance, tax planning, tax return preparation, tax research and tax advice.

All Other Fees. This category includes the aggregate fees for products and services that are not reported above under Audit Fees, or Tax Fees.

Audit Committee Pre-Approval Policy

The Audit Committee has responsibility for the appointment, retention and oversight of the work of our independent auditors, to recommend their selection and engagement, to review and approve in advance all non-audit related work performed by our independent registered public accounting firm prior to the performance of each such service. The Audit Committee is also required to establish formal policies and procedures for the engagement of the independent auditors to provide permitted non-audit services. The Audit Committee gave its prior approval to all services provided by our independent auditors in fiscal 2010 and 2011. The Audit Committee has determined that the provision of services by Cherry, Bekaert & Holland, L.L.P., is compatible with maintaining the independence of the independent registered public accounting firm.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

REPORT OF THE AUDIT COMMITTEE

The following report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall it be incorporated by reference into any previous or future filing by the Company under the Securities Act of 1933 or the Exchange Act of 1934 except to the extent that the Company incorporates it by specific reference.

In accordance with the written charter adopted by the Board of Directors, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting processes.

Review and Discussions with Management. The Audit Committee has reviewed and discussed our audited financial statements for the year ended December 31, 2011, and the unaudited financial statements for the quarters ended March 31, June 30 and September 30, 2011 with our management.

Review and Discussion with Independent Registered Public Accounting Firm. The Audit Committee has reviewed and discussed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity, in all material respects, of those audited consolidated financial statements with U.S. generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by standards of the Public Company Accounting Oversight Board (PCAOB). In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the PCAOB.

Conclusion. In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2011, for filing with the Securities and Exchange Commission.

Audit Committee of the Board of Directors

J. Terry Dewberry, Chairman

Joseph G. Bleser

Larry W. Papasan

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DEADLINE FOR SHAREHOLDER PROPOSALS

Proposals of shareholders intended for inclusion in our proxy statement relating to the 2013 annual meeting of shareholders must be received at our offices (addressed to the attention of the Corporate Secretary) not later than July 15, 2013. Any such proposal must comply with Rule 14a-8 of Regulation 14A of the proxy rules of the Securities and Exchange Commission. The submission by a shareholder of a proposal for inclusion in the proxy statement does not guarantee that it will be included. Any shareholder proposal not included in the proxy materials we disseminate for our 2013 annual meeting of shareholders in accordance with Rule 14a-8 under the Exchange Act will be considered untimely for the purposes of Rules 14a-4 and 14a-5 under the Exchange Act if notice of the proposal is received after July 15, 2013. Management proxies will be authorized to exercise discretionary authority with respect to any shareholder proposal not included in our proxy materials unless (a) we receive notice of such proposal by July 15, 2013, and (b) the conditions set forth in Rule 14a-4(c)(2)(i)-(iii) under the Exchange Act are met.

ADDITIONAL INFORMATION

Management knows of no matters that are to be presented for action at the Annual Meeting of Shareholders other than those set forth above. If any other matters properly come before the Annual Meeting of Shareholders, the persons named in the enclosed form of proxy will vote the shares represented by proxies in accordance with their best judgment on such matters.

We will bear the expenses in connection with the solicitation of proxies. Solicitation will be made by mail, but may also be made by telephone, personal interview, facsimile or personal calls by our officers, directors or employees who will not be specially compensated for such solicitation. We may request brokerage houses and other nominees or fiduciaries to forward copies of our proxy statement to beneficial owners of common stock held in their names and we may reimburse them for reasonable out-of-pocket expenses incurred in doing so.

A copy of our Annual Report on Form 10-K for the year ended December 31, 2011, Form 10-K/A Amendment No. 1 for the year ended December 31, 2011, Form 10-K/A Amendment No. 2 for the year ended December 31, 2011, and our Quarterly Reports on Form 10-Q for the periods ended March 31, June 30 and September 30, 2011 as filed with the Securities and Exchange Commission, will be sent to any shareholder without charge upon written request addressed to:

**Michael J. Senken
MiMedx Group, Inc.
60 Chastain Center Blvd., Suite 60
Kennesaw, Georgia 30144**

By order of the Board of Directors,

/s/ Parker H. Petit
Parker H. Petit
Chairman and Chief Executive Officer

September 21, 2012

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APPENDIX A

**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
MIMEDX GROUP, INC.**

MiMedx Group, Inc., a corporation organized and existing under the laws of the State of Florida, hereby certifies as follows:

1. The name of the corporation is MiMedx Group, Inc. (the Corporation).
2. Pursuant to Section 607.1003 of the Florida Business Corporation Act (the Act), these Articles of Amendment (Articles of Amendment) amend the Articles of Incorporation of the Corporation filed in the Office of the Department of State of the State of Florida on February 28, 2008, as amended by the Articles of Merger filed in the Office of the Department of State of the State of Florida on March 31, 2008, the Articles of Amendment filed in the Office of the Department of State of the State of Florida on May 14, 2010, and the Articles of Amendment filed in the Office of the Department of State of the State of Florida on August 8, 2012 , 2011 (as amended, the Amended Articles).
3. These Articles of Amendment were duly adopted by the Board of Directors of the Corporation in accordance with the provisions of Section 607.1003 of the Act on August 2, 2012.
4. These Articles of Amendment were duly approved by holders of a majority of the outstanding shares of the Common Stock of the Corporation in accordance with the provisions of Section 607.1003 of the Act and the Amended Articles on October 31, 2012.
5. The Amended Articles are hereby amended by deleting the first paragraph of Article 3 in its entirety, and inserting the following text in lieu thereof:

Article 3. Capital Stock. The total number of shares of stock which the Corporation shall have authority to issue is not more than 135,000,000 shares of capital stock, of which 130,000,000 shares shall be designated Common Stock, at \$.001 par value per share, and 5,000,000 shares shall be designated as Preferred Stock, at \$.001 par value per share.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment on , 2012.

MIMEDX GROUP, INC.

By:
Name:
Its:

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APPENDIX B

As Amended as of May 10, 2012

MIMEDX GROUP, INC.

ASSUMED 2006 STOCK INCENTIVE PLAN

1. Definitions

In addition to other terms defined herein, the following terms shall have the meanings given below:

- (a) Administrator means the Board, and, upon its delegation of all or part of its authority to administer the Plan to the Committee, the Committee.
- (b) Affiliate means any Parent or Subsidiary of the Corporation, and also includes any other business entity which is controlled by, under common control with or controls the Corporation; provided, however, that the term Affiliate shall be construed in a manner in accordance with the registration provisions of applicable federal securities laws and any requirements imposed under Code Section 409A, related regulations or other guidance.
- (c) Applicable Laws means any applicable laws, rules or regulations (or similar guidance), including but not limited to the Securities Act, the Exchange Act and the Code.
- (d) Award means, individually or collectively, a grant under the Plan of an Option (including an Incentive Option or Nonqualified Option); a Stock Appreciation Right (including a Related SAR or a Freestanding SAR); a Restricted Award (including a Restricted Stock Award or a Restricted Unit Award); a Dividend Equivalent Award; or any other award granted under the Plan.
- (e) Award Agreement means an agreement (which may be in written or electronic form, in the Administrator's discretion, and which includes any amendment or supplement thereto) between the Corporation and a Participant specifying the terms, conditions and restrictions of an Award granted to the Participant. An Award Agreement may also state such other terms, conditions and restrictions, including but not limited to terms, conditions and restrictions applicable to shares or any other benefit underlying an Award, as may be established by the Administrator.
- (f) Board or Board of Directors means the Board of Directors of the Corporation.
- (g) Cause means, unless the Administrator determines otherwise, a Participant's termination of employment or service resulting from the Participant's (i) termination for cause as defined under the Participant's employment, consulting or other agreement with the Corporation or an Affiliate, if any, or (ii) if the Participant has not entered into any such employment, consulting or other agreement (or if any such agreement does not address the effect of a cause termination), then the Participant's termination shall be for Cause if termination results due to the Participant's (A) dishonesty; (B) refusal or continued failure to perform his duties for the Corporation, as determined by the Administrator or its designee; (C) engaging in fraudulent conduct; or (D) engaging in any conduct that could be materially damaging to the Corporation without a reasonable good faith belief that such conduct was in the best interest of the Corporation. The determination of Cause shall be made by the Administrator and its determination shall be final and conclusive. Without in any way limiting the effect of the foregoing, for the purposes of the Plan and any Award, a Participant's employment or service shall be deemed to have terminated for Cause if, after the Participant's employment or service has terminated, facts and circumstances are discovered that would have justified, in the opinion of the Administrator, a termination for Cause.

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(h) Change in Control:

(i) *General*: Except as may be otherwise provided in an individual Award Agreement or as may be otherwise required in order to comply with Code Section 409A, a Change in Control shall be deemed to have occurred on the earliest to occur of a change in the ownership of the Corporation, a change in the effective control of the Corporation, a change in ownership of a substantial portion of the Corporation's assets and a disposition of a substantial portion of the Corporation's assets, all as defined below:

(a) A change in the ownership of the Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Corporation which, together with stock held by such person or group, represents more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Corporation acquires its stock in exchange for property will be treated as an acquisition of stock.

(b) A change in the effective control of the Corporation occurs on the date that either: any one person, or more than one person acting as a group becomes the beneficial owner of stock of the Corporation possessing more than fifty percent (50%) of the total voting power of the stock of the Corporation; or a majority of members of the Corporation's board of directors is replaced during any 24-month period by directors whose appointment or election is not endorsed by at least two-thirds (2/3) of the members of the Corporation's board of directors who were directors prior to the date of the appointment or election of the first of such new directors.

(c) A change in the ownership of a substantial portion of the Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Corporation that have a total fair market value equal to seventy-five percent (75%) or more of the total fair market value of all of the assets of the Corporation immediately prior to such acquisition or acquisitions. The transfer of assets by the Corporation is not treated as a change in the ownership of such assets if the assets are transferred to an entity more than fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by the Corporation.

(d) A disposition of a substantial portion of the Corporation's assets occurs on the date that the Corporation transfers assets by sale, lease, exchange, distribution to shareholders, assignment to creditors, foreclosure or otherwise, in a transaction or transactions not in the ordinary course of the Corporation's business (or has made such transfers during the 12-month period ending on the date of the most recent transfer of assets) that have a total fair market value equal to seventy-five percent (75%) or more of the total fair market value of all of the assets of the Corporation as of the date immediately prior to the first such transfer or transfers. The transfer of assets by the Corporation is not treated as a disposition of a substantial portion of the Corporation's assets if the assets are transferred to an entity, more than fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by the Corporation.

(e) The Administrator shall have full and final authority, in its discretion, to determine whether a Change in Control of the Corporation has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

For purposes of the above-definition of a Change in Control, the terms person, acting as a group and ownership shall have the meanings prescribed in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934, as amended, and Rule 13d-3 promulgated thereunder; provided, however, that in any merger, consolidation or share exchange in which less than fifty percent (50%) of the outstanding voting securities of the Corporation or its successor corporation are held by the former shareholders of the Corporation, the shareholders of the other parties to the transaction shall be deemed to have acted as a group that acquired ownership of more than fifty percent (50%) of the outstanding voting securities of the Corporation, resulting in a change in ownership under (a) above.

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(ii) *Definition Applicable to Awards subject to Code Section 409A*: Notwithstanding the preceding provisions of Section 1(h)(i), in the event that any Awards granted under the Plan are deemed to be deferred compensation subject to the provisions of Code Section 409A, then distributions related to such Awards may be permitted, in the Administrator's discretion, upon the occurrence of one or more of the following events (as they are defined and interpreted under Code Section 409A, related regulations or other guidance): (A) a change in the ownership of the Corporation, (B)&nbs