

ROCKWELL MEDICAL, INC.
Form PRE 14A
March 19, 2013

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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 o

Filed by a Party other than the Registrant o

Check the appropriate box:

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

Rockwell Medical Inc.

(Name of Registrant as Specified In Its Charter)

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

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-

ROCKWELL MEDICAL, INC.

**30142 Wixom Road
Wixom, Michigan 48393**

Dear Shareholder:

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

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

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

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

Sincerely,

Robert L. Chioini
President and CEO

Wixom, Michigan
March 29, 2013

ROCKWELL MEDICAL, INC.

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

To the Shareholders of Rockwell Medical, Inc.:

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

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

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

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

By Order of the Board of Directors,

THOMAS E. KLEMA
Secretary

Wixom, Michigan
March 29, 2013

ROCKWELL MEDICAL, INC.

30142 Wixom Road
Wixom, Michigan 48393

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

April 30, 2013

INTRODUCTION

General

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

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

Voting Rights and Outstanding Shares

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

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

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

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

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

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

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

Vote Required and Board Recommendation

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

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

Revocability of Proxies

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

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS

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

each current director and nominee,

each of the persons named in the Summary Compensation Table,

all current directors and executive officers as a group, and

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

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

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

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

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

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

(b)

The address for Mr. Chioini and Mr. Klema is 30142 Wixom Road, Wixom, Michigan 48393.

(c)

Based on a Form 4 filed January 28, 2013, by David A. Hagelstein and the David Hagelstein Charitable Remainder Unitrust, (the "Charitable Trust"), on showing ownership as of January 28, 2013. As of that date, Mr. Hagelstein beneficially owned 2,673,754 common shares, 2,247,363 of which are owned by the David A. Hagelstein Revocable Living Trust, dated October 27, 1993 (the "Revocable Trust"), and 426,391 of which are owned by the Charitable Trust. Of the common shares beneficially owned by the Revocable Trust, 862,502 are common shares underlying currently exercisable warrants. Mr. Hagelstein is the sole trustee and beneficiary of the Revocable Trust and is the sole trustee of the Charitable Trust. Mr. Hagelstein has sole voting and dispositive power with respect to all such shares. The address for Mr. Hagelstein and the Charitable Trust is 36801 Woodward Avenue, Suite 313, Birmingham, Michigan 48009.

(d)

Based on a Schedule 13G filed March 11, 2013 by Richmond Brothers, Inc., reporting ownership as of that date. Richmond Brothers, Inc. has sole dispositive power over the reported common shares but has no voting power with respect to such shares. The address for Richmond Brothers, Inc. is 7415 Foxworth Court, Jackson, Michigan 49201.

ELECTION OF DIRECTORS

Background

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

Class I Nominee For Term Expiring In 2016

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

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

Other Information Relating to Directors

Class II Director

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

Class III Directors

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

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

Independence

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

Executive Officers

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

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

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

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

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

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

Meetings and Committees of the Board of Directors

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

Audit Committee

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

Audit Committee Report

Our Audit Committee has:

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

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

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

Discussed with our independent accountants the independent accountants' independence.

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

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

By the Audit Committee:

Ronald D. Boyd

Kenneth L. Holt

Patrick J. Bagley

Compensation Committee

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

Nominating and Advance Notice Procedures

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

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

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

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

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

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

Board Leadership Structure and Risk Oversight

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

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

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

Code of Business Conduct and Ethics

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

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

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

Compliance with applicable governmental laws, rules and regulations,

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

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

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

Shareholder Communications with the Board

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

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

Related Party Transactions

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

SFP License

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

Warrant Extensions

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

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Our Compensation Objectives

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

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

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

Basis for Our Compensation Structure

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

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

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

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

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

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

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

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

Key Elements of Compensation for 2012

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

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

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

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

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

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

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

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

Deductibility of Executive Compensation

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

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

Compensation Committee Report

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

COMPENSATION COMMITTEE:

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

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Summary Compensation Table

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

Summary Compensation Table

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

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

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

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

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

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

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

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

Grants of Plan-Based Awards

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

Grants of Plan-Based Awards Table for 2012

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

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

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

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

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

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

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

(iii) If the Company dissolves or liquidates;

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

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

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

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

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

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

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

Employment Agreements

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

Outstanding Equity Awards At Fiscal Year-End

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

Outstanding Equity Awards at Fiscal Year-End

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