

MIMEDX GROUP, INC.
Form 10-K/A
April 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A

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

For the fiscal year ended December 31, 2013

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

For the transition period from _____ to _____

Commission file number 0-52491

MIMEDX GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation)

26-2792552

(I.R.S. Employer Identification Number)

1775 West Oak Commons Court, NE, Marietta, GA

(Address of principal executive offices)

(770) 651-9100

(Registrant's telephone number, including area code)

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

Title of Each Class Name of Exchange on Which Registered

Common Stock, par value \$0.001 per share The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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The aggregate market value of Common Stock held by non-affiliates on June 30, 2013, based upon the last sale price of the shares as reported on the NASDAQ on such date, was approximately \$559,000,000.

There were 105,581,111 shares of Common Stock outstanding as of February 15, 2014.

Documents Incorporated by Reference

None.

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EXPLANATORY NOTE

This Form 10-K/A (“Amendment No.1”) amends the annual report on Form 10-K of MiMedx Group, Inc. for the fiscal year ended December 31, 2013, filed with the Securities and Exchange Commission (the “SEC”) on March 4, 2014 (the “2013 Form 10-K”). The primary purpose of the Amendment No. 1 is to provide the information required by Items 10-14 of Part III of the 2013 Form 10-K, which the Company originally intended to incorporate by reference from its 2014 definitive proxy statement.

This Amendment No. 1 is limited in scope to Items 10-14 of Part III, and other updating changes to the Cover Page of this Amendment No. 1, and does not amend, update or change any other items or disclosures contained in the 2013 Form 10-K or otherwise reflect events that occurred subsequent to the filing of the 2013 Form 10-K. This Amendment No. 1 continues to speak as of the date of filing of the 2013 Form 10-K except with respect to Items 10-14 of Part III, which speak as of the date of filing of this Amendment No. 1 or as otherwise disclosed in this Amendment No. 1.

As used herein, the terms “the Company,” and “MiMedx” refer to MiMedx Group, Inc., a Florida corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only MiMedx Group, Inc.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth information regarding the Company's directors and executive officers, including their ages, as of March 1, 2014.

Name	Age	Position
Parker H. "Pete" Petit	74	Chairman of the Board & Chief Executive Officer
William C. Taylor	45	Director, President, & Chief Operating Officer
Michael J. Senken	55	Chief Financial Officer
Roberta L. McCaw	58	General Counsel
Joseph G. Bleser	68	Director
J. Terry Dewberry	70	Director
Charles R. Evans	66	Director
Bruce L. Hack	65	Director
Charles E. Koob	69	Director
Larry W. Papasan	73	Director
Neil S. Yeston	70	Director

Parker H. “Pete” Petit, age 74, 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 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. He serves as a member of the Board of Directors of Intelligent Systems Corporation (NYSE Amex: INS). Mr. Petit was nominated as a director due

to his extensive healthcare business experience and leadership success.

William C. Taylor, age 45, became the Company's 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, manufacturing and general management. From 2001 through 2008, Mr. Taylor was President and CEO of Facet Technologies, LLC, a Matria Healthcare, Inc. subsidiary until 2006, focused on medical device design, development, and manufacturing for OEM clients, such as Abbott, Bayer, BD, LifeScan (J&J), Roche, and Flextronics. Over

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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 purchased by Matria Healthcare in 1999. 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 in 2006. 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.

Michael J. Senken, age 55, 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 58, was appointed General Counsel and Secretary in September 2009. Ms. McCaw was a lawyer in private practice that has served as a consultant to the Company from January 2009 until becoming an employee of the Company in May 2013. 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.

Joseph G. Bleser, age 68, serves on the Company's 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 had over 15 years experience as a Chief Financial Officer and in other financial executive positions in various publicly traded companies, including HBO & Company, Allegiant Physician Services, Transcend Services, Inc. and Healthcare.com Corporation. 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 has 20 years of experience in serving as a member of the board of directors and the audit and other board committees of several publicly traded and private companies in the healthcare and technology industries. Most recently, 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 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.

J. Terry Dewberry, age 70, serves on the Company's 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 for consideration up to \$5 billion. Since August 2013, Mr. Dewberry sits on the Board for Medovex

Corp., headquartered in Atlanta, Georgia. Previously, he served on the Boards of Directors of several publicly traded healthcare products and services companies, including Respironics, 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.

Charles R. Evans, age 66, serves on the Company's Board of Directors. Mr. Evans became a director of the Company in September 2012. Mr. Evans has over 40 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 also currently is 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 Officer from 2008 to 2011. In 2012, he attained the Board Leadership Fellow credential of the National Association of Corporate Directors. Previously, Mr. Evans was a senior officer with Hospital Corporation of America (HCA), having managed various HCA divisions and completing his service with the responsibility for operations in the Eastern half of the country. Mr. Evans currently serves on the Board of Directors of Jackson Healthcare and CareSpot Express Healthcare, and as a member of the Senior Advisory Board at MedAssets. Additionally, Mr. Evans serves on the boards of non-profit organizations including MedShare International, and he is Chairman of the Hospital Charitable Service Awards. Mr. Evans was nominated as a director due to his healthcare management expertise.

Bruce L. Hack, age 65, serves on the Company's 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. He currently serves as a director of Technicolor, Inc., a public entertainment services company.

Charles E. ("Chuck") Koob, age 69, serves on the Company's 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 board of a private drug development company and MRI Interventions, a publicly traded medical device 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.

Larry W. Papasan, age 73, serves on the Company's 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 served as a Director and Chairman of the Board of Directors of BioMimetic Therapeutics, Inc. (Nasdaq GM:BMTI) from August 2005 until March 2013. 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 (Nasdaq CM: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.

Neil S. Yeston, M.D., age 71, serves on the Company's Board of Directors. Dr. Yeston became a director of the Company in September 2012. Dr. Yeston is the Immediate Past President of the New England Surgical Society and 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 nominated as a director because of his in-depth understanding of healthcare issues from the perspective of the practitioner, academician, administrator and executive.

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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, 2013, 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 of one late Form 4 filing by Steve Gorlin, a former director, and one one late filing by Ms. McCaw.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to its Chief Executive Officer (the Company's principal executive officer), Chief Financial Officer (the Company's principal accounting officer), controller, and persons performing similar functions. A copy is posted on the Company's website at www.mimedx.com. In the event that the Company amends any of the provisions of the Code of Business Conduct and Ethics that require disclosure under applicable law, SEC rules or applicable listing standards, the Company intends to disclose the amendment on its 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.

Audit Committee and Audit Committee Financial Expert

The Company complies with the rules of the NASDAQ Stock Market, which requires that the Audit Committee of the Board of Directors be comprised of at least three members, all of whom qualify as "independent" under the criteria set forth in Rule 10A-3 of the Exchange Act.

In April 2008, the Company established an Audit Committee comprised of three independent members of its Board of Directors. The Company currently has four members on its 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 NASDAQ Stock Market 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 the Company's website at www.mimedx.com. The Audit Committee held seven meetings during the year ended December 31, 2013.

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.

Item 11. Executive Compensation

COMPENSATION DISCUSSION & ANALYSIS

Compensation Committee Charter

The Compensation Committee of the Board of Directors (the “Compensation Committee” or the “Committee”) of MiMedx Group, Inc. (“MiMedx” or “the Company”) operates pursuant to a written charter adopted by the Board of Directors (the “Board”). The charter is posted in the Investors section of the Company’s website at www.mimedx.com. The Compensation Committee annually reviews and reassesses the adequacy of its charter. The Compensation Committee is responsible for reviewing and evaluating all compensation and remuneration to those of the executive officers listed in the Summary Compensation Table contained herein and referred to herein as “Named Executive Officers.” For 2013, the Named Executive Officers include the Chairman and Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, and General Counsel and Secretary. All components of compensation for the Named Executive Officers are recommended by the Compensation Committee for approval by the Board of Directors.

Philosophy

MiMedx’s executive compensation philosophy is based on the belief that competitive compensation is essential to attract and retain highly-qualified executives and motivate them to achieve the Company’s operational and financial goals. In line with this philosophy, the Company’s practice is to provide total compensation that is competitive with comparable positions within peer organizations. The compensation program is based on individual and organizational performance and includes components that reinforce the Company’s motivational and retention-related compensation objectives. The principal components of compensation for MiMedx’s Named Executive Officers are: base salary, annual cash incentives and long-term equity incentives. Cash bonuses are included to encourage and reward effective performance relative to the Company’s near-term plans and objectives. Equity incentives are included to promote longer-term focus, to help retain key contributors and to align the interests of the Company’s executives and shareholders.

Say on Pay

In 2013, the Company conducted an advisory vote on the compensation of the Named Executive Officers. While this vote is not binding on the Company, the Board, or the Compensation Committee, the Company believes that it is important for shareholders to have an opportunity to vote on compensation of the Named Executive Officers as a means to express their views regarding the Company’s executive compensation philosophy, compensation policies and programs, and decisions regarding executive compensation. To the extent there is any significant vote against the compensation of the Company’s Named Executive Officers, the Compensation Committee and Board will evaluate what actions are necessary to address those concerns. At the 2013 Annual Meeting, the shareholders approved the Company’s 2012 Named Executive Officer compensation with approximately 96% of the votes cast in favor of the proposal. The Board and Compensation Committee reviewed these final vote results together with the other factors and data discussed in this Compensation Discussion and Analysis and determined that, given the significant level of support of the Company’s approach to compensation by its shareholders, no changes to its executive compensation policies and decisions were necessary. The Company has determined that its shareholders should vote on a say-on-pay proposal every three years, consistent with the recommendation of the Board and the preference expressed by the Company’s shareholders in the advisory vote taken at the 2013 Annual Meeting of Shareholders.

Overview of Compensation and Process

The Compensation Committee is responsible for reviewing and recommending all elements of compensation for the Company’s Named Executive Officers and reviewing and approving certain elements of compensation for all of the Company’s executives.

Generally, base salaries are set for the Named Executive Officers at the regularly-scheduled February or March meetings of the Compensation Committee and the Board. At this meeting, the Compensation Committee also (i) reviews, approves and recommends for approval of the Board an annual cash incentive plan for the new fiscal year, (ii) reviews, approves and recommends for approval of the Board the calculated and earned incentives for the prior fiscal year's annual incentive plan, (iii) considers, approves and recommends for approval by the Board equity-based awards to the Named Executive Officers, and (iv) considers and approves equity-based awards for all other officers and eligible employees.

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In making compensation decisions, the Compensation Committee considers recommendations of Parker H. Petit, Chairman and Chief Executive Officer, and Thornton A. Kuntz, Jr., Senior Vice President, Administration. In establishing the top three Named Executive Officers, Mr. Kuntz conducts a compensation analysis of the practices of peer companies. The peer group companies are publicly-traded companies in the medical device, bio-medical and tissue sectors of the healthcare industry. The peer group selection and comparability are determined using, among other things, organizational criteria, revenue, market capitalization, complexity of business, industry sector, earnings growth, science/technology and other proprietary requirements for growth, and product offerings. The data from these companies provide the Company with a “benchmark.” The Compensation Committee believes that a benchmark is a point of reference for measurement, but not the sole determining factor for the compensation of these three Named Executive Officers. Additionally, Ms. McCaw’s compensation was not bench-marked against the peer group companies because there were relatively few reported comparable positions in the peer group study. Instead, Ms. McCaw’s compensation was benchmarked against the established compensation of the other Named Executive Officers.

From time to time as the need arises, the Committee also may retain the advice of an independent consultant and/or commission compensation studies. The Committee did not retain an independent consultant or commission any compensation studies in 2013 or 2014. The Compensation Committee considers the recommendation of the Chairman and Chief Executive Officer as crucial in its review and analysis of the compensation for the Named Executive Officers reporting to the Chief Executive Officer. Although compensation survey data are useful guides for comparative purposes, MiMedx believes that a successful compensation program also requires the application of judgment and subjective determinations of individual performance. In that regard, the Compensation Committee applies its judgment in reconciling the program’s objectives with the realities of retaining valued employees.

For 2013 compensation, the Compensation Committee utilized an analysis conducted by Mr. Kuntz to benchmark the major components of total executive compensation against a peer group of 22 publicly-traded companies in the medical device, bio-medical and tissue sectors of the healthcare industry. The 22 companies selected were those deemed by the Committee, after input from senior management, to be the most comparable to the Company during the period of the compensation analysis. For the period analyzed, the average, median and 75th percentile trailing 12-month annualized revenue of the 22 peer group companies were \$131 million, \$122 million and \$189 million, respectively. For the same period, the average, median and 75th percentile market cap of the 22 peer group companies were \$343 million, \$199 million and \$549 million, respectively.

The following companies comprise the peer group of 22 publicly-traded companies in the medical device, bio-medical and tissue sectors of the healthcare industry that were utilized in the 2013 compensation decisions:

Aastron Biosciences, Inc.	Cryolife, Inc.	Meridian Bioscience, Inc.
Abiomed, Inc.	Enzon Pharmaceuticals, Inc.	Osiris Therapeutics, Inc.
Advanced Cell Technologies, Inc.	Exactech, Inc.	RTI Biologics, Inc.
Alphatec Holdings, Inc.	Fibrocell, Science, Inc.	Stereotaxis, Inc.
Anika Therapeutics, Inc.	Harvard Bioscience, Inc.	Tornier N.V.
ArthroCare Corporation	Insulet Corporation	TranS1, Inc.
BioMimetic Therapeutics, Inc.	MAKO Surgical, Inc.	
Conceptus, Inc.	Medical Action Industries, Inc.	

For 2014 compensation, the Compensation Committee revised the composition of the peer group of publicly-traded companies to better align the peer group with the current early commercial stage, revenue and market capitalization of the Company. The 21 companies selected were those deemed by the Committee, after input from senior management, to be the most comparable to the Company during the period of the compensation analysis. For the period analyzed, the average, median and 75th percentile trailing 12-month annualized revenues of the 21 peer group companies were

\$147 million, \$142 million and 235 million, respectively. For the same period, the average, median and 75th percentile market cap of the 21 peer group companies were \$941 million, \$854 million and \$1,340 million, respectively.

The following companies comprise the peer group of the 21 publicly-traded companies in the medical device, bio-medical and tissue sectors of the healthcare industry that were utilized in the 2014 compensation decisions:

Abiomed, Inc.	Cyberonics, Inc.	InterMune, Inc.
Acorda Therapeutics, Inc.	Derma Sciences, Inc.	MAKO Surgical, Inc.
Advanced Cell Technologies, Inc.	DexCom, Inc.	Meridian Bioscience, Inc.
Alphatec Holdings, Inc.	Exactech, Inc.	Osiris Therapeutics, Inc.
ArthroCare Corporation	Exelixis, Inc.	RTI Surgical, Inc.
Athersys, Inc.	Geron Corporation	Tornier N.V.
Cryolife, Inc.	Insulet Corporation	XenoPort, Inc.

In order to compete effectively for top executive-level talent, the Compensation Committee targets total direct compensation (base salary, annual cash incentives and long-term equity incentives) for Named Executive Officers between the 50th and 75th percentile of total direct compensation paid to similarly-situated executives of the companies comprising the peer group. Specific elements of compensation were targeted at the percentile of compensation paid to the peer group as set forth below:

Compensation Element	Targeted Percentile
Base Salary	50th to 60th Percentile
Annual Cash Incentives	50th to 60th Percentile
Long-Term Equity Incentives	60th to 75th Percentile

Because the Compensation Committee believes that a significant portion of total executive compensation should be tied to the annual and long-term performance of the Company, the Committee set the benchmarked mix of total direct compensation for the Named Executive Officers to be in the following range expressed as a percentage of total direct compensation

Named Executive Officer	Parker H. Petit	William C. Taylor	Michael J. Senken	Roberta L. McCaw
Base Salary As a Percentage of Total Direct Compensation	26%	30%	40%	42%
Annual Cash Incentives As a Percentage of Total Direct Compensation	15%	17%	16%	16%
Long-Term Equity Incentives As a Percentage of Total Direct Compensation	59%	53%	44%	42%
Total	100%	100%	100%	100%

The Company's overall success is dependent upon the aggressive pursuit and achievement of the Company's growth, profit, cash flow and strategic goals. The Compensation Committee believes that the Company's compensation philosophy and practices for its Named Executive Officers will continue to serve those goals and, therefore, will continue to consist of a mix of competitive base compensation, annual cash incentives and long-term equity incentives.

Base Salary

MiMedx employees, including its Named Executive Officers, are paid a base salary commensurate with the responsibilities of their positions, the skills and experience required for the position, their individual performance, business performance, labor market conditions and with reference to peer company salary levels.

The annual base salary rates in effect at the start of fiscal year 2013 and the base rates of pay effective April 1, 2013 and April 1, 2014, for the Company's Named Executive Officers are listed below:

Named Executive Officer	Base Salary Rate at		Base Salary Rate
	Start of 2013	Effective April 1, 2013	Effective April 1, 2014
Parker H. Petit	\$425,000	\$480,000	\$528,000
William C. Taylor	\$360,000	\$395,000	\$434,500
Michael J. Senken	\$250,000	\$275,000	\$302,500
Roberta L. McCaw (1)	\$240,000	\$240,000	\$264,000

(1) Prior to May 2013, Ms. McCaw was an attorney in private practice and an independent contractor, who devoted approximately 30 hours per week to services to MiMedx. In May 2013, Ms. McCaw changed her status from an independent contractor to an employee. Her hours and base compensation were unchanged.

In setting annual base salaries for the Named Executive Officers for fiscal 2013, the Compensation Committee reviewed compensation for comparable positions in the peer group companies. The Committee also took into account the scope of each executive's responsibilities, skills, experience and performance. With respect to the CEO, the Committee considered the annual performance evaluation conducted by the Compensation Committee with respect to fiscal 2012. The Committee concluded that under Mr. Petit's leadership and vision, 2012 was an excellent year with outstanding strategic and growth accomplishments and milestones:

Revenue for 2012 was approximately 3.5 times 2011 revenue and exceeded full year budgeted revenue of \$23 million by close to \$4 million. The fourth quarter of 2012 was the 5th consecutive quarter in which MiMedx met or exceeded its revenue goals.

The fourth quarter of 2012 marked the 8th consecutive quarter in which the Company reported improved gross profit margins. In the third quarter of 2012, the Company achieved its goal of gross margins in excess of 80%. The Company's fourth quarter 2012 gross margins were more than a 23 percentage point improvement over fourth quarter of 2011 gross margins.

The Company made certain key strategic decisions during 2012 that dramatically escalated the Company's share value and market cap and created the foundation for significant top line growth and increases in market share. Late in the second quarter, the Company added a National Sales Director to head up the government sector of its direct sales force. In the third quarter, the Company commenced its strategy to aggressively establish a direct sales force to serve the Veterans Administration ("VA") hospitals, adding 21 members to its government-focused team of sales executives. MiMedx also commenced the strategic move to a direct sales force in the commercial wound care vertical by adding a National Sales Director in the third quarter and five new sales executives to this team during the fourth quarter of 2012.

The Company's sales force expansion strategy proved to be extremely successful as MiMedx gained a sizeable share of the VA market sector during the second half of 2012. In concert with its direct sales force strategy, MiMedx consolidated its contracted distributors from 56 to 30.

To serve the increased demand for the Company's allografts, MiMedx implemented continual expansions to its tissue processing operations, placenta recovery operations and the infrastructure support functions, such as Information Technology, Finance & Accounting, Sales Administration, Human Resources, and Quality Assurance. Including the additions to the sales force, MiMedx hired in excess of 120 new employees from April through December of 2012, which significantly improved the quality and depth of the organization.

The Company's executives presented at nine major investor conferences and began the process of gaining institutional investors.

• Through callable warrants, the Company raised approximately \$4.9 million in 2012.

The Company completed its first EpiFix® Randomized Controlled Trial, which demonstrated that 92% of the patients treated with EpiFix® fully healed in six weeks. Also during 2012, MiMedx initiated four new clinical trials, completed

phases 1 and 2 of a study of the scientific characterization of the Company's amniotic allografts, and had two scientific articles published.

In the last quarter of 2012, MiMedx received its first patent for placental tissue grafts, and ended the year with more than 20 additional patent applications pending relating to the Company's placental tissue allografts and supporting technologies.

MiMedx received the Medicare C-code for its EpiFix® grafts on January 1, 2012. The Company recruited a team of experts in the reimbursement arena to focus on reimbursement coverage processes. With the excellent results emanating from the Company's clinical studies, by the end of 2012, MiMedx had received positive indications of coverage from five of the nine Medicare Administrative Contractors ("MACs"). In the last quarter of 2012, MiMedx brought its Reimbursement Call Center in-house to gain better control.