



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

**FORM 10-K**

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

For the Fiscal Year Ended December 31, 2010

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)

**811 Livingston Court, Suite B  
Marietta, GA**

(Address of principal executive offices)

**30067**

(Zip Code)

**(678) 384-6720**

Registrant's telephone number, including area code

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

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

Common Stock, par value \$0.001 per share  
(Title of class)

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

The aggregate market value of Common Stock held by non-affiliates on June 30, 2010, based upon the last sale price of the shares as reported on the OTC Bulletin Board on such date, was approximately \$50,174,049.

There were 71,201,349 shares of Common Stock outstanding as of March 15, 2011.

**Documents Incorporated by Reference**

Portions of the proxy statement relating to the 2011 annual meeting of shareholders, to be filed within 120 days after the end of the fiscal year to which this report relates, are incorporated by reference in Part III of this Report.

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## PART I

This Form 10-K and certain information incorporated herein by reference contain forward-looking statements and information within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of the Company’s products by the market, and management’s plans and objectives. In addition, certain statements included in this and our future filings with the Securities and Exchange Commission (“SEC”), in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “seeks,” “plan,” “project,” “continue,” “predict,” “will,” “should,” and other words or expressions of similar meaning are intended by us to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference, include, but are not limited to those discussed in Part I, Item 1A, “Risk Factors,” below. Except as expressly required by the federal securities laws, we undertake no obligation to update any such factors, or to publicly announce the results of, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

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

### Item 1. Business

#### Overview

MiMedx Group, Inc. (“MiMedx Group”) is an integrated developer, manufacturer and marketer of patent-protected biomaterial-based products. MiMedx Group is emerging from a development-focused start-up company into a fully integrated operating company with the expertise to capitalize on its science and technology and the capacity to generate sales growth and profitability.

“Repair, don’t replace” is the mantra of the MiMedx Group biochemists, engineers, and designers who are developing today’s biomaterial-based solutions for patients and physicians. Market research shows the first desire of patients ranging from active baby-boomers and weekend warriors to high-school and professional athletes is to augment repair when possible, rather than replace traumatized, but otherwise healthy tissues and structures. Clinical research has proven that biomaterials can be used to achieve augmentation and repair.

#### Recent Events

On January 5, 2011, the Company acquired all of the outstanding equity interests in Surgical Biologics, LLC, for an aggregate of \$500,000 in cash, \$1,200,000 in notes payable, 5,200,000 shares of MiMedx Common Stock, \$183,000 in debt, and certain additional contingent considerations. This strategic acquisition brings together market leading know-how in amnion tissue processing technology with a global distribution network uniquely positioned to rapidly exploit significant market opportunities across multiple surgical indications.

Surgical Biologics, ("SB"), is located in Kennesaw, Georgia. Surgical Biologics develops bioimplants processed from human amniotic membrane that can be used for a wide range of surgical indications including ocular surface repair, gum repair, wound care, burns, and many other types of surgery that require the repair of a patient's integumental (native) tissue. SB is focused on developing technologically innovative bioimplants that offer the surgeon a variety of clinical options; allowing for greater flexibility in treatment, as well as improved surgical results.

Surgical Biologics currently distributes tissue in several different membrane subsegments, such as ocular, dental, spine and wound care. The wound care and tissue management market in the U.S. is currently valued at approximately \$7.4B, while the regenerative dental market accounts for \$232M. The Millennium Research Group has projected the anti-adhesion market to reach an estimated \$500M in 2012, whereas experts agree that the ocular market is valued at approximately \$100M. Each market's sub-segment has unique competitors, products and distribution methods. Amniotic membrane, as processed by SB, has unique "bio-active" properties that offer benefits that most competitive products cannot offer. SB's tissues provide anti-inflammatory, anti-angiogenesis, anti-scarring and barrier properties as well as enhanced healing at the surgical site.

Surgical Biologics has developed a specialized process for the processing of its products. This patent pending process, named Purion™, consists of unique methods which maximize yield, while minimizing manufacturing costs. The Purion™ process was engineered to create an implant that is optimized for ease of use while providing the patient with the maximum assurance of safety. Surgical Biologics currently has seven patents pending that have been filed with the United States Patent Office. The patent filings consist of the intellectual property used to process tissues and/or apply the tissues in a unique manner in surgery.

In addition to the existing implants, SB is in the final stages of development of new offerings for the wound care, burn, general surgery, gynecology and ENT surgery markets. Thus far, amniotic tissues for these uses show great promise, and the Company has begun limited commercial distribution for such purposes. The wound care tissue, which is undergoing a multi-center clinical evaluation, also has shown particular promise; and the Company believes that this tissue has the potential to surpass all other products in commercial distribution. SB continues to research new opportunities for amniotic tissue, and currently has several additional offerings in the first stages of conceptualization.

### **Our Strategy**

The Company's initial business strategy was to identify and acquire innovative new medical products and technologies, focused primarily on the musculoskeletal market, as well as novel medical instrumentation and surgical techniques. We subsequently refined our strategy to focus on our proprietary biomaterial technologies that can be transformed into unique medical devices that fill an unmet or underserved clinical need. Our HydroFix™ hydrogel technology and our CollaFix™ collagen fiber technology are proprietary platforms that can serve as the basis for medical devices in various orthopedic and orthobiologic applications, such as spine, sports medicine, and trauma. We also have identified multiple product opportunities in general surgery, drug delivery, wound management and cardiac markets, among others.

Our plan is to focus our internal commercialization efforts relative to our HydroFix™ and CollaFix™ materials on orthopedics and orthobiologic applications. As appropriate, we may partner with large, established companies in the general surgery, drug delivery, wound management, cardiac and other markets. Initial conversations with respect to such external relationships have been initiated, but they will take time to develop.

We have organized an advisory panel of leading physicians to provide insight into our primary fields of interest for new products and technology, as well as guidance and advice with respect to ongoing product development programs.

Our core focus is on near-term opportunities for each of our technologies, advancing them through the regulatory process, establishing reliable and cost-effective manufacturing, and establishing an effective distribution system.

## History of MiMedx Group, Inc.

MiMedx Group, Inc. originally was formed as a Utah corporation on July 30, 1985, under the name Leibra, Inc. We later changed domicile, through a merger, to Nevada, and subsequently changed our name to Alynx, Co. We had several additional name changes in connection with various business acquisitions, all of which were discontinued or rescinded. We were an inactive shell corporation for 10 years or more, seeking to acquire an interest in a business with long-term growth potential. On March 6, 2007, Alynx, Co. filed a registration statement with the SEC on Form 10-SB to register its common stock under the Securities Exchange Act of 1934.

In a merger consummated on February 8, 2008, Alynx, Co. acquired MiMedx, Inc., a Florida-based, privately-held, development-stage medical device company ("MiMedx") founded by Steve Gorlin, currently Vice Chairman of MiMedx Group, Inc. MiMedx's assets included three development units focused on the development of medical devices based on their respective patented and proprietary technologies. MiMedx's primary development unit was focused on the development of products for the repair of soft tissue, such as tendons, ligaments and cartilage, using a collagen fiber-based platform predicated on certain cross linking technology, which was licensed from Shriners' Hospital for Children and University of South Florida Research Foundation in January 2007. The assets of MiMedx also included 100% of the membership interests in SpineMedica, LLC ("SpineMedica"), a development-stage company focused on Orthopedic-Spine biomaterial technologies using a poly-vinyl alcohol ("PVA") based hydrogel that its predecessor, SpineMedica Corp., licensed from SaluMedica, LLC for applications related to the spine in August 2005, and for applications related to the hand (excluding the wrist) and rotator cuff in August 2007. In October 2009, the license agreement was amended to exclude applications related to the hand. Additionally, MiMedx's assets included certain intellectual property related to implants for use in fracture fixation in the upper extremities, which we referred to as the Level Orthopedics assets. These assets had been contributed to, or developed on behalf of, MiMedx pursuant to a consulting agreement it had entered into in September 2007, with Thomas J. Graham, M.D., a leading hand surgeon.

On March 31, 2008, Alynx, Co. merged into MiMedx Group, Inc., a Florida corporation and wholly-owned subsidiary that had been formed on February 28, 2008, for purposes of the merger. MiMedx Group, Inc. was the surviving corporation in the merger. Also on March 31, 2008, MiMedx entered into a license with SaluMedica, LLC, for the PVA-based hydrogel biomaterial for applications as a surgical sheet outside of the spine.

To assist the Company in transitioning from a development stage company to an operating company, effective February 24, 2009, the Company's Board of Directors appointed Parker H. "Pete" Petit to serve as the Company's Chairman of the Board, President and Chief Executive Officer. Mr. Petit has over 30 years' experience in the healthcare products and services markets, and a track record of having successfully nurtured several companies from the development stage to industry leadership. In September 2009, Mr. Petit recruited another experienced medical device executive, William C. Taylor, to become the Company's President and Chief Operating Officer. Mr. Taylor has over 20 years' of medical device design, development, and manufacturing experience.

On April 20, 2009, we received clearance from the U.S. Food and Drug Administration (the "FDA") to market our Paradis Vaso Shield™ device, indicated for use as a cover for vessels following anterior vertebral surgery. In October 2009, we divested our Level Orthopedics assets in order to focus exclusively on biomaterials, and also relinquished the SaluMedica license for the hydrogel application in the hand.

Prior to the 4th quarter of 2009, the Company explored business strategies through our three development units, MiMedx, SpineMedica and Level Orthopedics. After the sale of the Level assets and a thorough review of the strategic direction of the Company, management made the decision in late 2009 to consolidate the organizational structure. Instead of independent development teams and manufacturing locations, we now have integrated development teams and all manufacturing has been consolidated into one site. Our Tampa, Florida location focuses on early stage product and process development. Our Marietta, Georgia location houses our corporate headquarters, our development and sales teams and all manufacturing and distribution operations.

In December 2009 we made the decision to simplify our corporate and technology branding in order to build a stronger brand identity. Our new branding strategy is to focus on MiMedx Group, Inc. as the corporate brand identity and to brand each of our technologies, rather than each product embodying our technologies. Our PVA Hydrogel technology is now called HydroFix™ and our collagen fiber technology is now called CollaFix™. During 2010, we transitioned the name of our current product from Paradis Vaso Shield™ to HydroFix™ Vaso Shield.

In February 2010, the Company received the CE Mark for its HydroFix™ Spine Shield device, which is indicated for use in certain locations along the anterior spine as a plane of dissection during revision surgery.

In June 2010, the Company received 510(k) clearance for additional thicknesses and sizes of its HydroFix™ Vaso Shield.

In December 2010, the Company received the CE Mark for its HydroFix™ Spine Shield device as a post surgical adhesion barrier.

In December 2010, the Company signed an agreement to acquire a third proprietary technology platform. The transaction, which closed in early January 2011, and the technology are discussed above under "Recent Events."

## **Our Technology**

### ***CollaFix™***

The CollaFix™ technology combines an innovative means of creating fibers from soluble collagen and a specialized cross-linking process. MiMedx utilizes two separate cross-linking technologies for various applications. Initial laboratory and animal testing shows that the cross-linked collagen fibers produce a very strong, biocompatible, and durable construct that can be transformed into surgical meshes intended to treat a number of orthopedic soft-tissue trauma and disease disorders.

Embodiments and benefits of products that we believe, based on preliminary studies, could be developed using this licensed technology are:

- Initial tests of cross-linked fibers appear to demonstrate they are stronger than existing collagenous tissue, including healthy tendons and ligaments. These fibers form the fundamental unit from which a variety of devices could be configured as follows:
  - Linear and braided arrays for tendon and ligament repair
  - Cross-helical arrays forming tubular structures that also can be cut to form flat patches
  - Woven meshes for general surgical use;
- CollaFix™ biomaterials have been tested and results preliminarily suggest that the materials are biocompatible and biodegradable;
- Biocompatibilization (making a material biocompatible that may otherwise not be) of in-dwelling medical devices by coating with MiMedx proprietary NDGA (nordihydroguaiaretic acid) polymerized collagen;
- NDGA treatment of xenograft (animal in origin) and allograft (human in origin) materials could make them more biocompatible and possibly improve functional lifetime; and
- Cross-linked collagen-based biorivets have the potential to be used for bone fracture fixation.

Our core collagen technology is protected by patents, patent applications and trade secrets. The core patent covers the polymerization chemistry of NDGA as applied to biological materials, bioprotheses, or devices created through its application. It covers chemistries and compounds that have the reactive groups that are responsible for the effectiveness of NDGA, including a variety of organically synthesized NDGA analogs and natural compounds. Multiple medical products potentially could be developed and patented that are all tied to the core patented technology. Our core fiber technology is a closely held trade secret.

We are currently pursuing the manufacture and optimization of various collagen constructs and we are focused on advancing our products through the regulatory process to receive FDA clearance to introduce our products to the market.

We may license rights to specific aspects of our collagen technology to third parties for use in applications and indications that we choose not to exploit ourselves.

### **HydroFix™**

We license rights to a PVA polymer, which is a water-based biomaterial that can be manufactured with a wide range of mechanical properties, including those that appear to mimic closely the mechanical and physical properties of natural, healthy human tissue. This hydrogel has been used in other orthopedic and general surgery device applications, and we believe it has demonstrated biocompatibility and durability inside the human body. Regulatory agencies both inside and outside the United States have cleared the hydrogel material for use inside the body for several applications. For example, in the United States, the FDA has cleared devices using the hydrogel material for use as a cover for vessels following anterior vertebral surgery as well as for use next to nerves. In the European Union and Canada, devices using the hydrogel material have been cleared for use next to nerves, to replace worn-out and lesioned cartilage in the knee, and as a post-surgical adhesion inhibiting barrier for spine surgeries in specific locations.

As mentioned above, on April 20, 2009, we received FDA clearance via a 510(k), for our Paradís Vaso Shield™, recently renamed HydroFix™ Vaso Shield (the “Vaso Shield”), which is a vessel guard made of our hydrogel material. Protection of veins and arteries is a common issue associated with many types of surgeries. Protection of the aorta, vena cava, iliac vessels and other anatomy is particularly important in anterior spine surgery. The HydroFix™ Vaso Shield was designed to help physicians protect vessels following anterior vertebral surgery. The FDA cleared the HydroFix™ Vaso Shield as a vessel guard or cover for anterior vertebral surgery, however, the safety and effectiveness of this device for reducing the incidence, severity and extent of post-operative adhesion formation has not been established.

We have a similar version of the product for the European market called HydroFix™ Spine Shield, which has received two CE marks. The device is classified as a post-surgical adhesion inhibiting barrier and is used in specific spine surgeries. The CE marking, also known as “CE Mark,” is a mandatory conformity mark on many products placed on the single market in the European Economic Area (EEA). The CE marking certifies that a product has met European Union (EU) consumer safety, health or environmental requirements. In December 2010, we received a second CE mark for HydroFix™ Spine Shield for use in contact with the central circulatory system and the central nervous system. The CE marked HydroFix™ Spine Shield is not available in the United States.

We are currently in the process of identifying other uses and indications for the HydroFix™ technologies, including, but not limited to, other areas of the spine as well as healthcare categories outside the spine, such as general surgery, obstetrics, and gynecology, maxilla-facial, plastic and cosmetic applications, and others.

### **Market Opportunity**

In 2008, the value of the Orthopedic-Biomaterials segment was estimated to be \$7.4 billion, representing over 20% of the total Orthopedic Market. It is estimated that this market segment will grow at over 13% per year, which is more than double the growth rate for the overall Orthopedics Market. The Biomaterials market is expected to grow to a value of \$9.4 billion in 2011, mainly due to advancements in materials science technology, the incidence of trauma and disease associated with the baby-boomer population and resource focus and investment (MedMarket Diligence, Report #M625, “Emerging Trends, Technologies and Opportunities in the Markets for Orthopedic Biomaterials, Worldwide,” 2008).

Orthopedics is one of the largest medical sectors utilizing biomaterials. The development of advanced generation products has prompted many orthopedic companies whose foundations lie in traditional therapies to focus on biomaterials due to physician and patient demand. We believe that new biomaterial products will continue to replace existing products.

The main orthopedic biomaterials markets driving growth are connective and soft tissues, such as tendon and ligament repair (tendons connect muscle to bone and ligaments connect bone to bone), meniscus repair, bone grafts, resorbable technologies, and cartilage repair.



We believe that the number of procedures that might utilize our products is large. A 2009 iData report, US Market for Orthopedic Soft Tissue and Sports Medicine, stated that in 2009, the combined orthopedic soft tissue repair market was valued at over \$1.05B. In addition, another iData report, US Market for Spinal Implants, MIS and VCF, reported the total US spinal implant market in 2008 to be \$4.75B, a 9% growth over 2007.

Rotator cuff injuries represent a leading cause of shoulder instability and result in approximately 400,000 invasive procedures annually, according to MedTech Insight, an industry marketing research firm.

Also, the CollaFix™ biomaterials and related processes under license may prove suitable for use in general surgical procedures for reinforcement of soft tissue where weakness exists or scar tissue formation is not desirable.

The market revenue for biomaterials in wound care is expected to rise at an accelerated compound annual growth rate of 16.5% from 2006-2013. Combination products (biomaterial dressings that also possess moist dressing, antimicrobials, or alginates) are further driving growth and gaining market share from other advanced wound dressing segments, according to the Frost and Sullivan US Interactive Wound Care Markets Report for 2008.

### ***Tendon and Ligament Repair Technologies***

Advancements in tendon surgery have focused largely on augmenting the standard of care using synthetic and biomaterials including collagen based devices. Advancements in ligament surgery have focused largely on new methods of graft fixation using interference screws and anchors, which have opened new approaches to repair. We believe there is a new wave of development for ligament and tendon repair, including collagen matrices, allografts and tissue engineered tendons and ligaments that we believe will change how physicians treat these procedures. Therapeutic modalities we continue to focus on are related to the treatment and repair of soft tissues during tendon repair surgery, including reinforcement of the rotator cuff, patellar, Achilles, biceps, quadriceps or other tendons. Following clinical development of the above, we plan to focus on treatments for ligaments and joints, such as medial and lateral collateral ligaments of the knee, elbow and ankle and meniscal repair. Our products potentially could be used in other orthopedic categories as well.

### ***PVA-Based Biomaterials***

Our PVA based biomaterial, HydroFix™, has been used in several medical device applications and is cleared by the FDA for use as a cover for vessels following anterior vertebral surgery and for use as a nerve cuff (SaluMedica, LLC). We have licensed the right to use Salubria®, SaluMedica LLC's formulation, or similar PVA-based biomaterials for certain applications within the body under a world-wide license (see "Collaborations and License Agreements"). The material, as Salubria®, has been sold in Europe for certain applications for over seven years. The PVA-based hydrogel can be processed to have mechanical and physical properties similar to that of human tissue. The biostable hydrogel composition contains water in similar proportions to human tissue, mimicking human tissue's strength and compliance. For certain applications, the PVA-based hydrogel has been formulated to be wear-resistant and strong. The base organic polymer is known to be biocompatible and hydrophilic. These properties make it a candidate for use as an implant, and may prove suitable for development into medical products addressing various applications. The PVA-based hydrogel and products formed therefrom are MRI compatible (allowing for Magnetic Resonance Imaging of a patient with no artifacts or special safety precautions necessary). We currently license the PVA-based hydrogel for use in the spine, rotator cuff and as a surgical sheet.

### ***Spine Anatomy and Disorders***

The spine is considered by many orthopedic and neurosurgeons to be the most complex motion segment of the human body. It provides a balance between structural support and flexibility. It consists of 26 separate bones called vertebrae that are connected together by connective tissue to permit a normal range of motion. The spinal cord, the body's central nerve conduit, is enclosed within the spinal column. Vertebrae are paired into what are called motion segments that move by means of three joints: two facet joints and one spinal disc.

The four major categories of spine disorders are degenerative conditions, deformities, trauma and tumors. The largest market is degenerative conditions of the vertebral discs. These conditions can result in instability, pressure and impingement on the nerve roots as they exit the spinal column, causing often severe and debilitating pain in the back, arms and/or legs.

### **Current Treatments for Spine Disorders**

The current prescribed treatment for spine disorders depends on the severity and duration of the disorder. Initially, physicians typically prescribe non-operative procedures including bed rest, medication, lifestyle modification, exercise, physical therapy, chiropractic care and steroid injections. Non-operative treatment options are often effective; however, other patients require spine surgery. According to Knowledge Enterprises, Inc., the number of spine surgery procedures grew to over 1.2 million per year in 2005 in the United States. The most common spine surgery procedures are: discectomy, the removal of all or part of a damaged disc; laminectomy, the removal of all or part of a lamina, or thin layer of bone, to relieve pinching of the nerve and narrowing of the spinal canal; and fusion, where two or more adjoining vertebrae are fused together to provide stability.

### **Spine Repair and Vessel Protection**

MedTech Insight, LLC's March 2007 report on "United States Markets for Spinal Motion Preservation Devices," states that an estimated 50 million people in the United States suffer from back pain. This report also states that in 2004, more than 1 million spine surgeries were performed in the United States—far more than the number of hip and knee replacements combined. Factors driving growth of the spine surgery products market include the growing number of people with degenerative disc disease, which typically is caused by gradual disc damage and often results in disc herniation and chronic, debilitating lower back pain. It is most common among otherwise healthy people in their 30s and 40s and affects approximately half of the United States population age 40 and older.

A disc herniation, or abnormal bulge or rupture, is often caused by degenerative disc disease but may also result from trauma and/or injury. As we age, the disc's *nucleus pulposus*, or the center of a spinal disc, loses its water content and the disc begins to degenerate, becoming drier, less flexible, and prone to damage or tears. By the time a person reaches age 80, the nucleus pulposus' water content decreases to approximately 74%; during the first year of a person's life, the water content is approximately 90%. The *annulus fibrosus*, or the outer rim of a spinal disc, also may be damaged by general wear and tear or by injury and can cause bulging and impingement on adjacent nerve roots.

Repair of herniated intervertebral discs or damage as a result of degenerative disc disease commonly involves surgical intervention such as fusion or total disc replacement (TDR). Postsurgical adhesions and fibrosis formation are a common consequence of the normal healing process. The presence of fibrosis may render reoperations or follow-up surgeries risky and have caused nerve root tethering in some patients.

One approach to protecting vessels following anterior vertebral surgery is to provide a barrier between the anterior spine and adjacent vessels. Some studies, not performed by us, have demonstrated that the application of a barrier to protect adjacent vessels may create a dissection plane for future surgeries in that anatomical area.

The safety and effectiveness of the FDA cleared HydroFix™ Vaso Shield device for reducing the incidence, severity and extent of post-operative adhesion formation has not been established.

Another market for which a barrier or plane of dissection-type product is needed is in gynecological uses where the removal and surgical cutting of fibroids and cysts, hysterectomies, and other procedures may lead to post-surgical adhesions. Such adhesions may result in infertility and pelvic pain. Gynecological surgery provides a compelling market because of the high volume of procedures worldwide, and because gynecological infertility surgery is frequently followed up by a laparoscopic second-look procedure at the disease site.

There are many other medical categories for which scar-tissue and fibrosis formation are complicating issues and the Company is researching opportunities for expansion of this product platform.

## Medical Advisory Board

We have empanelled a number of key scientists and physician opinion leaders in relevant fields by asking them to serve on our Medical Advisory Board ("MAB"). Each has entered into a consulting agreement with the Company.

Our MAB includes scientists and physicians who move medicine forward by scientific endeavor, such as publishing, teaching and developing new solutions to treat injury and diseases. Several members chair their respective departments at university medical schools, teaching institutions and fellowship programs.

One of the most well-known of our MAB members is James Andrews, M.D., of Birmingham, Alabama, and Gulf Breeze, Florida. Dr. Andrews is one of the most respected sports-medicine physicians in the world. He is the physician for several National Football League and Major League Baseball teams and treats many of the highest-paid professional athletes from numerous teams and from a multitude of sports, including Drew Brees, the 2010 Superbowl MVP, and is regularly profiled in newspapers and magazines. Dr. Andrews also runs a sought-after fellowship program.

The MAB consists of 14 individuals and is grouped by specialty. Robert Guldberg, Ph.D. is working with us in all of our concentration areas, spine, sports medicine and upper and lower extremities. Others that are advising us in the spine area are: Richard Guyer, MD; Paul Jeffords, MD; Thomas Terrimani, MD; and Thomas Zdeblick, MD. Our Sports Medicine group consists of James Andrews, MD; Neal ElAttrache, MD; Timothy Kremcheck, MD; and Lonnie Paulos, MD. The Upper and Lower extremity group includes Martin Boyer, MD; Glenn Gaston, MD; Mark Glazebrook, MD; Jeff Johnson, MD and Gary Lourie, MD.

## Government Regulation

Our products are medical devices subject to extensive regulation by the FDA, under the Federal Food, Drug, and Cosmetic Act and they are also regulated in the European Union through the Medical Device Directive. Similar regulations apply in other countries. These regulations govern, among other things, the following activities:

- product design and development;
- product testing;
- product manufacturing;
- product labeling;
- product storage;
- premarket clearance or approval;
- advertising and promotion;
- product sales and distribution; and
- medical device reporting.

Each medical device that we distribute commercially in the U.S. likely will require either 510(k) clearance or Premarket Approval ("PMA") from the FDA prior to marketing. Devices deemed to pose relatively less risk are placed in either Class I or II which requires the manufacturer to submit a premarket notification requesting permission for commercial distribution; this is known as 510(k) clearance, which indicates that the device is substantially equivalent to devices already legally on the market. Most Class I devices are considered very low risk and are exempted from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously 510(k) cleared device or a pre-amendment Class III device for which PMA applications have not been required, are placed in Class III, requiring PMA approval.

Some of our products contain biologic materials. We believe that the FDA will regulate our products as medical devices. However, the FDA may determine that some of our products are combination products comprised of a biologic and medical device component. For a combination product, the FDA must determine which center or centers within the FDA will review the products and under what legal authority the products will be reviewed. While we believe our products would likely be regulated under the medical device authorities even if they are deemed "combination products," there can be no assurances that the FDA will agree. In addition, the review of combination products is often more complex and more time consuming than the review of a product under the jurisdiction of only one center within the FDA.

### **510(k) Clearance Pathway**

To obtain 510(k) clearance for one of our products, we must submit a premarket notification demonstrating that the proposed device is substantially equivalent in intended use and in safety and effectiveness to a previously 510(k) cleared device or a device that was in commercial distribution before May 28, 1976, for which the FDA has not yet called for submission of PMA applications. The FDA's 510(k) clearance pathway usually takes from four to 12 months, but it can take significantly longer for submissions that include clinical data.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a PMA approval. The FDA requires each manufacturer to make this determination in the first instance, but the FDA can review any such decision. If the FDA disagrees with a manufacturer's decision not to seek a new 510(k) clearance, the agency may retroactively require the manufacturer to seek 510(k) clearance or PMA approval. As part of the PMA review, the FDA typically will inspect the manufacturer's facilities for compliance with Quality System Regulation, or QSR, requirements, which prescribe elaborate testing, control, documentation and other quality assurance procedures.

The FDA also can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or PMA approval is obtained.

### **PMA Approval Pathway**

If 510(k) clearance is unavailable for one of our products, the product must follow the PMA approval pathway, which requires proof of the safety and effectiveness of the device to the FDA's satisfaction. The PMA approval pathway is much more costly, lengthy and uncertain. It generally takes from one to three years and can take even longer.

A PMA application must provide extensive preclinical and clinical trial data and also information about the device and its components regarding, among other things, device design, manufacturing and labeling. As mentioned above, in conjunction with a PMA review, the FDA typically will inspect the manufacturer's facilities for compliance with QSR requirements, which prescribe elaborate testing, control, documentation and other quality assurance procedures.

Upon submission, the FDA determines if the PMA application is sufficiently complete to permit a substantive review, and, if so, the application is accepted for filing. The FDA then commences an in-depth review of the PMA application, which typically takes one to three years, but may take longer. The review time is often significantly extended as a result of the FDA asking for more information or clarification of information already provided. The FDA also may respond with a "not approvable" determination based on deficiencies in the application and require additional clinical trials that are often expensive and time consuming and can delay approval for months or even years. During the review period, an FDA advisory committee may be convened to review the application and recommend to the FDA whether, or upon what conditions, the device should be approved. Although the FDA is not bound by the advisory panel decision, the panel's recommendation is important to the FDA's overall decision making process.

If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an "approvable letter" requiring the applicant's agreement to specific conditions (e.g., changes in labeling) or specific additional information (e.g., submission of final labeling) in order to secure final approval of the PMA application. Once the approvable letter is satisfied, the FDA will issue a PMA for the approved indications, which can be more limited than those originally sought by the manufacturer. The PMA can include post approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device including, among other things, restrictions on labeling, promotion, sale and distribution. Failure to comply with the conditions of approval can result in material adverse enforcement action, including the loss or withdrawal of the approval. Even after approval of a PMA, a new PMA or PMA supplement is required in the event of a modification to the device, its labeling or its manufacturing process.

### ***Clinical Trials***

A clinical trial is generally required to support a PMA application and is sometimes required for a premarket notification. Such trials generally require submission of an application for an Investigational Device Exemption, or IDE. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE must be approved in advance by the FDA for a specified number of patients (unless the product is deemed a non-significant risk device eligible for more abbreviated IDE requirements). Clinical trials are subject to extensive monitoring, record keeping and reporting requirements. Clinical trials may begin once the IDE application is approved by the FDA and the appropriate institutional review boards, or IRBs, at the clinical trial sites, and must comply with FDA regulations. To conduct a clinical trial, we also are required to obtain the patients' informed consent that complies with both FDA requirements and state and federal privacy and human subject protection regulations. We, the FDA or the IRB could suspend a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits. Even if a trial is completed, the results of clinical testing may not adequately demonstrate the safety and efficacy of the device or may otherwise not be sufficient to obtain FDA approval to market the product in the U.S.

### ***Post market***

After a device is placed on the market, numerous regulatory requirements apply. These include: the Quality System Regulation, which requires manufacturers to follow elaborate design, testing, control, documentation and other quality assurance procedures during the manufacturing process; labeling regulations; the FDA's general prohibition against promoting products for unapproved or "off-label" uses; and the Medical Device Reporting regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur. Class II devices also can have special controls such as performance standards, post market surveillance, patient registries, and FDA guidelines that do not apply to Class I devices.

We are subject to inspection and marketing surveillance by the FDA to determine our compliance with regulatory requirements. If the FDA finds that we have failed to comply, it can institute a wide variety of enforcement actions, ranging from a public warning letter to more severe sanctions such as:

- fines, injunctions, and civil penalties;
- recall or seizure of our products;
- operating restrictions, partial suspension or total shutdown of production;
- refusing our requests for 510(k) clearance or PMA approval of new products;
- withdrawing 510(k) clearance or PMA approvals already granted; and
- criminal prosecution.

The FDA also has the authority to require repair, replacement or refund of the cost of any medical device that we have manufactured or distributed.

### ***International***

International sales of medical devices are subject to foreign government regulations, which vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA approval, and the requirements may differ. In addition, the export of certain of our products that have not yet been cleared or approved for domestic distribution may be subject to FDA export restrictions. There can be no assurance that we will receive on a timely basis, if at all, any foreign government or United States export approvals necessary for the marketing of our products abroad.

The primary regulatory environment in Europe is that of the European Union, which consists of twenty-seven countries, encompassing most of the major countries in Europe. Other countries, such as Switzerland, have voluntarily adopted laws and regulations that mirror those of the European Union with respect to medical devices. The European Union has adopted numerous directives and standards regulating design, manufacture, clinical trials, labeling, and adverse event reporting for medical devices. Devices that comply with the requirements of a relevant directive will be entitled to bear a CE Mark and can be commercially distributed throughout Europe. The method of assessing conformity varies depending on the class of the product, but normally involves a combination of self-assessment by the manufacturer and a third party assessment by a "Notified Body." This third party assessment may consist of an audit of the manufacturer's quality system and specific testing of the manufacturer's product. An assessment by a Notified Body in one country within the European Union is required in order for a manufacturer to commercially distribute the product throughout the European Union.

### **Export of Uncleared or Unapproved Devices**

Export of devices eligible for the 510(k) clearance process, but not yet cleared to market, is permitted without FDA approval, provided that certain requirements are met. Unapproved devices subject to the PMA process can be exported to any country without FDA approval provided that, among other things, they are not contrary to the laws of the country to which they are intended for import, they are manufactured in substantial compliance with the Quality System Regulations, and they have been granted valid marketing authorization by any member country of the European Union, Australia, Canada, Israel, Japan, New Zealand, Switzerland or South Africa. If these conditions are not met, FDA approval must be obtained, among other things, by demonstrating to the FDA that the product is approved for import into the country to which it is to be exported and, in some cases, by providing safety data for the device. There can be no assurance that the FDA will grant export approval when necessary or that countries to which the device is to be exported will approve the device for import. Our failure to obtain necessary FDA export authorization and/or import approval could have a material adverse effect on our business, financial condition and results of operation.

### **Regulatory Status of our Products**

On April 20, 2009, the Company received FDA clearance to market the HydroFix™ Vaso Shield (formerly called Paradis™ Vaso Shield) device, indicated for use as a cover for vessels following anterior vertebral surgery. The proprietary, patented, and PVA based membrane may reduce the risk of associated injury following anterior vertebral surgeries by providing a vessel cover. We have products under development that may qualify for 510(k) clearance, such as our collagen fiber implants and additional sheet products made from PVA-based hydrogel. In 2010, two HydroFix™ 510(k) submissions were cleared in the U.S. Additionally, two HydroFix™ CE Marks (European clearance) were issued. One additional HydroFix™ 510(k) submission, one CollaFix™ collagen fiber 510(k) submission, and one CollaFix™ collagen fiber CE Mark submission were in process at the end of the year. No assurances can be made regarding the outcome of these in-process submissions or the timeframe needed for completion of the process.

### **Reimbursement—Procedures, Profitability and Costs**

Our products likely will be purchased by hospitals or ambulatory surgery centers that are reimbursed by third-party payers. In the U.S., such payers include governmental programs (e.g., Medicare and Medicaid), private insurance plans, managed care programs and workers' compensation plans. Governmental payment programs have prescribed reimbursement rates for procedures and medical products. Similarly, private third-party payers have carefully negotiated payment levels for procedures and medical products. In addition, in the United States, an increasing percentage of insured individuals are receiving their medical care through managed care programs, which monitor and may require pre-approval of the services that a member will receive. Our success depends on adequate levels of third-party reimbursement for our products.

In those countries outside the U.S. where our products are approved for sale, we expect that sales volumes and prices of our products will be influenced by the availability of reimbursement from governments or third-party payers. If adequate levels of reimbursement from governments or third-party payers outside of the U.S. are not obtained, international sales of our products will be limited. Outside of the U.S., reimbursement systems vary significantly by country. Many foreign markets have government-managed health care systems that govern reimbursement for medical devices and procedures and often require special consideration for reimbursement for a new device.

We are currently working with industry reimbursement consultants to aid in the reimbursement planning for our products. At this time there can be no assurance that reimbursement policies will provide an acceptable return on our products.

### **Competition**

#### **CollaFix™ Products**

In the US in 2007, approximately 2,090,000 orthopedic soft tissue repair procedures were performed. This procedure volume is growing at a rate of 4.5% supported by the rising number of sports-related injuries, particularly among the increasingly active aging population. Source: US Markets for Orthopedic Soft Tissue Solutions 2008, Millennium Research Group

There are currently a large number of devices on the market used to reinforce surgically repaired soft tissues. These include hardware (screws, pins, disposables) as well as allografts, synthetic products and xenografts (derived from porcine, bovine and equine tissues).



*Leading Competitors in the Orthopedic Soft Tissue Solutions Market, as a % of Total, US, 2007.*

Leading Competitors	Percent of US total Soft Tissue Market
Arthrex	33.8%
DePuy Mitek	17.1%
Smith and Nephew	13.2%
CONMED Linvatec	5.8%
Genzyme Biosurgery	3.4%
Musculoskeletal Transplant Foundation	3.2%
Biomet Sports Medicine	3.1%
AlloSource	2.7%
ArthroCare	2.1%
LifeNet Health	1.9%
Other	13.7%

Source: US Markets for Orthopedic Soft Tissue Solutions 2008, Millennium Research Group

There are several technologies currently on the market or anticipated to enter the market for ligament and tendon repair and/or replacements. Those technologies include collagen matrices, cell-seeded polymer scaffolds, cryopreserved allografts, fibroblast-seeded ligament analogs, and small intestinal submucosa.

Competitors who market collagen based devices currently include:

Developer	Product	Cross-linking
DePuy	RESTORE	None
Wright Medical Technology	GraftJacket	None
Synovis	OrthAdapt	Carbodiimide
ReGen Biologics	Collagen matrices	None
Biomet/Organogenesis	CuffPatch	Carbodiimide

The above technologies may or may not utilize cross-linking agents, which are FDA-approved and used in the manufacturing of collagen for soft-tissue repair. The current market leader is the Restore Orthobiologic Soft Tissue Implant from DePuy. It utilizes small intestinal submucosa of porcine origin. We believe our collagen fiber-based devices will provide better reinforcement for tendon and ligament repair because they are made of high strength cross-linked collagen fibers and, by mimicking the natural fiber orientation in tendons and ligaments, they provide targeted mechanical properties equivalent to those of tendons and ligaments.

There are a few synthetic products, such as W.L. Gore's GoreTex, 3M Kennedy Ligament Augmentation Device ("LAD"), and Stryker's Meadox Dacron Ligament Augmentation Graft which were developed for use in Anterior Cruciate Ligament (ACL) reconstruction. These were first and second generation soft-tissue repair products and generally produce results that we believe are less satisfactory than those containing soft-tissue constructs, because the materials tend to stretch and become deformed over time.

**HydroFix™ Products**

Spinal orthopaedic and neurosurgeons actively seek treatment alternatives and utilize various technologies during different stages of the patient care continuum. Until the recent success of non-fusion technologies, spine implant market manufacturers have focused almost exclusively on refining and improving spinal fusion techniques. Multiple fusion techniques and products are available to patients today.

Regardless of the type of surgery, fusion or TDR, physicians commonly deal with venous injury during anterior spinal revision surgery. Currently, competition for vessel guards for this specific application is limited. W.L. Gore & Associates, Inc. is the dominant manufacturer in this area.

#### **Collaborations and License Agreements**

##### ***License Agreement between MiMedx, Shriners' Hospitals for Children, and University of South Florida Research Foundation***

We entered into a license agreement with Shriners' Hospitals for Children and University of South Florida Research Foundation (collectively "Licensor") in January 2007 for the worldwide, exclusive rights for all applications using NDGA-polymerized materials, including for reconstruction of soft tissue. We paid a one-time license fee of \$100,000, plus issued to the Licensor 1,120,000 shares of our Common Stock, and the Licensor will receive future additional milestone payments and continuing royalties based on sales of all licensed products.

The license is perpetual and terminable by us at any time, in whole or in part. The licensor has the right to terminate this license in the event that any breach, which they are required to give us notice of, is not cured.

##### ***License Agreement between SpineMedica and SaluMedica, LLC***

In August 2005 we entered into an exclusive, perpetual, worldwide, non-terminable, royalty-free, transferable license of certain patents and patent application rights held by SaluMedica, LLC that relate to a PVA-based hydrogel. SpineMedica has the right to manufacture, market, use and sell medical devices and products incorporating the claimed technology for all neurological and orthopedic uses related to the human spine, including muscular and skeletal uses. Some of the licensed patents and patent application rights are owned by SaluMedica, LLC and at least one of these patent and patent application rights is licensed by SaluMedica, LLC from Georgia Tech Research Corporation. In connection with this license agreement, SpineMedica also acquired certain of SaluMedica, LLC's assets, including manufacturing and testing equipment and office equipment, and obtained a license to use the trademarks "SaluMedica™" and "Salubria® biomaterial."

##### ***License Agreement between SaluMedica, LLC and Georgia Tech Research Corporation***

Some of the patents and patent application rights licensed to SpineMedica by SaluMedica, LLC are licensed to SaluMedica, LLC from Georgia Tech Research Corporation. SaluMedica, LLC and Georgia Tech Research Corporation have agreed that in the event the license agreement between them is terminated for any reason (other than the expiration of the patents), Georgia Tech Research Corporation will license the technology to SpineMedica for uses related to the human spine on substantially the same terms as granted to SaluMedica, LLC without further payment.

##### ***Rotator Cuff License with SaluMedica, LLC***

MiMedx has a Technology License Agreement, as amended by a First Amendment to Technology License Agreement, as well as a related Trademark License Agreement, all dated August 3, 2007, (collectively, the "Rotator Cuff License") that provided MiMedx with the exclusive, fully-paid, worldwide, royalty-free, irrevocable and non-terminable (except as provided in the Rotator Cuff License), and sublicensable rights to develop, use, manufacture, market, and sell Salubria® biomaterial or similar PVA-based hydrogels for all neurological and orthopedic uses (including muscular and skeletal uses) related to the rotator cuff and the hand (excluding the wrist), but excluding the product SaluBridge (which is made from Salubria® biomaterial and is currently cleared for use by the FDA) (the "Licensed Rotator Cuff IP"). SaluMedica, LLC's rights in the Licensed Rotator Cuff IP derive from and are subject to one or more licenses from Georgia Tech Research Corporation and, consequently, the Rotator Cuff License is subject to those same licenses. This license was amended in October 2009 to relinquish the license for uses related to the hand but we kept the rotator cuff license.



### ***Surgical Sheet License with SaluMedica, LLC***

On March 31, 2008, we entered into an exclusive world-wide license with SaluMedica, LLC for a PVA-based hydrogel biomaterial for applications as a surgical sheet. The license covers both internal and external applications. In exchange for the exclusive, worldwide, perpetual license to develop, manufacture, and sell the "surgical sheet" technology for application anywhere in the body, we issued SaluMedica, LLC 400,000 shares of restricted Common Stock. In addition, SaluMedica, LLC is eligible to receive up to an aggregate additional 600,000 shares of restricted Common Stock if certain sales and revenue milestones are achieved not later than June 30, 2013. On December 31, 2009, we completed the sale of our first commercial product, the HydroFix™ Vaso Shield, and met the first milestone under this agreement. As a result we issued 100,000 shares of Common Stock to the licensor valued at \$71,000.

### **Intellectual Property**

Our intellectual property includes licensed patents, owned and licensed patent applications and patents pending, proprietary manufacturing processes and trade secrets, brands, trademarks and trade names associated with our technology. Furthermore, we require employees, consultants and advisors to sign Proprietary Information and Inventions Agreements as well as Nondisclosure Agreements that assign to us and protect the intellectual property existing and generated from their work and that we may use and own exclusively.

The pending and provisional patent applications may not issue into patents, as is true with any provisional or patent application.

Worldwide, the MiMedx CollaFix™ and HydroFix™ technologies are protected with 8 patents and 41 patent applications, as well as proprietary manufacturing processes and trade secrets.

### ***Improvements to Technology***

Any improvements to Salubria® developed by SaluMedica, LLC during the life of the licensed patents are included as part of the license from SaluMedica, LLC. The Company will own all improvements to Salubria® that we develop. However, we will license these improvements to SaluMedica, LLC for no additional consideration, provided that the use of these improvements must be unrelated to all neurological and orthopedic uses, including muscular and skeletal uses, related to the human spine.

### ***Trademarks & Trade Names***

We also own trademark and trade name registration of the mark Paradís Vaso Shield™ and license the SaluMedica™ and Salubria® trademarks. We also have applied for registration of the trademarks of MiMedx™ and our product names.

### **Manufacturing**

MiMedx Group performs research and early stage product and process development activities and operates a pilot production facility for its proprietary CollaFix™ cross-linked collagen products in its Tampa, Florida, facility. In the future, we may contract with third parties to perform certain manufacturing or assembly of the products that are developed and enter into strategic relationships for sales and marketing of products that we develop.

Our Marietta, Georgia, facility is also our corporate headquarters, which houses our general management, sales, marketing, product development, quality and regulatory functions as well as the consolidation of our manufacturing operations for HydroFix™ and CollaFix™.

We are subject to the FDA's quality system regulations, state regulations, and regulations promulgated by the European Union. We are FDA registered, CE marked and ISO certified. Our facilities are subject to periodic unannounced inspections by regulatory authorities, and may undergo compliance inspections conducted by the FDA and corresponding state and foreign agencies.

## **Suppliers**

We have identified reliable sources and suppliers of collagen, source materials of NDGA, which we believe will provide a product in compliance with FDA guidelines. We engage in the manufacture of our own hydrogel products and accessibility to critical raw materials for the PVA-based biomaterial products is not inhibited by supply or market constraints.

## **Marketing and Sales**

We plan to utilize our experienced management team to commercialize these medical technologies by advancing them through the proper regulatory approval processes, developing or arranging for reliable and cost-effective manufacturing, and to either sell or license the product lines to others or market and sell the products ourselves. For our first U.S. product, HydroFix™ Vaso Shield, we have assembled a network of independent sales representatives and stocking distributors to sell our products domestically. We have assembled and are continuing to assemble a network of stocking distributors for our first European product, HydroFix™ Spine Shield.

## **Employees**

As of December 31, 2010, we had 36 employees, of whom 32 are full-time and 4 are part-time employees. We consider our relationships with our employees to be satisfactory. None of our employees is covered by a collective bargaining agreement.

## **Litigation**

We are not involved in any litigation, nor are we aware of any threatened litigation.

## **Research and Development**

Our research and development efforts are focused on developing products for various surgical and orthopedic markets using NDGA biomaterials, and development of other sheet based spine products and other sheet products using a PVA-based hydrogel. Our research and development staff currently consists of 12 full time and 2 part time employees. To support development, we have contracts with outside labs who aid us in our research and development process. Our research and development group has extensive experience in developing products related to our field of interest, and works with our Physician Advisory Boards to design products that are intended to improve patient outcomes, simplify techniques, shorten procedures, reduce hospitalization and rehabilitation times and, as a result, reduce costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" at Item 7 below for information regarding expenditures for research and development in each of the last two fiscal years.

## **Surgeon Training and Education**

We devote significant resources to working with our Medical Advisory Boards. We believe that the most effective way to introduce and build market demand for our products will be by partnering with leading surgeons from around the globe in the use of our products. We have access to state-of-the-art cadaver operating theaters and other training facilities at some of the nation's leading medical institutions. We intend to continue to focus on working with leading surgeons in the United States. See "Business-Medical Advisory Boards."

## **Available Information**

Our website address is [www.mimedx.com](http://www.mimedx.com). We make available on this website under "Investor Relations — SEC Filings," free of charge, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the U.S. Securities and Exchange Commission ("SEC"). In addition, we post filings of Forms 3, 4, and 5 filed by our directors, executive officers and ten percent or more shareholders. We also make available on this website under the heading "Investor Relations — Corporate Governance" our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee Charters as well as our Code of Business Conduct and Ethics.

The reference to our website does not constitute incorporation by reference of any information contained at that site.

## Item 1A. Risk Factors

### Risks Related to Our Business and Industry

***We are a high-risk startup venture.***

With the commercialization of our first products, we have transitioned from being a development company to an operating company. Nonetheless, most of our products are still in the early stages of development and deployment, and we have limited operating history. We do not currently have any material assets, other than cash, certain laboratory equipment, and certain intellectual property rights. Our business and prospects must be evaluated in light of the expenses, delays, uncertainties and complications typically encountered by businesses in our stage of development, many of which may be beyond our control. These include, but are not limited to, lack of sufficient capital, unanticipated problems, delays or expenses relating to product development, governmental approvals, and licensing and marketing activities, competition, technological changes and uncertain market acceptance. In addition, if we are unable to manage growth effectively, our operating results could be materially and adversely affected. We must overcome these and other business risks to be successful. Our efforts may not be successful. We may never be profitable. Therefore, investors could lose their entire investment.

***Most of our planned products are in the early stage of product development.***

Many of the possible products we have rights to have had only limited research in the fields of use we currently intend to commercialize. Our product candidates will require testing and regulatory clearances or approvals. Accordingly, most of the products we are developing are not yet ready for sale and may never be ready for sale. The successful development of any products is subject to the risks of failure inherent in product development. These risks include the possibilities that any or all of these proposed products or procedures are found to be ineffective or toxic, or otherwise fail to receive necessary regulatory clearances or approvals; that the proposed products or procedures are uneconomical to market or do not achieve broad market acceptance; that third parties hold proprietary rights that preclude us from marketing them; or third parties market a superior or equivalent product. We are unable to predict whether our research and development activities will result in any additional commercially viable products or procedures. Furthermore, due to the extended testing and regulatory review process required before marketing clearances or approvals can be obtained, the time frames for commercialization of any products or procedures are long and uncertain.

***Continuing disruptions in the overall economy and the credit and financial markets may adversely impact our ability to raise necessary additional capital.***

The capital and credit markets continue to be very volatile as a result of adverse conditions that have caused the failure and near failure of a number of large financial services companies. If the capital and credit markets continue to experience volatility and the availability of funds remains limited, it is possible that our ability to access the capital and credit markets may be limited or nonexistent because of these or other factors, and we require additional capital in the near future in order to continue operations.

***We will need additional financing to meet our future capital requirements.***

We will require significant additional funds, either through additional equity or debt financings or collaborative agreements or from other sources to engage in research and development activities with respect to our potential product candidates and to establish the personnel necessary to successfully manage us. We believe that our current cash and cash equivalents and committed line of credit will be sufficient to meet our projected operating requirements for the next twelve months. However, obtaining the required regulatory approvals and clearances and the planned expansion of our business will be expensive and time-consuming and we will in the future seek funds from public and private stock or debt offerings, borrowings under lines of credit or other sources. Our capital requirements will depend on many factors, including:

- the revenue generated by sales of our products;
- the costs associated with expanding our sales and marketing efforts, including efforts to hire independent agents and sales representatives;
- the expenses we incur in developing and commercializing our products, including the cost of obtaining and maintaining FDA or other regulatory clearances and approvals; and
- general and administrative expenses.

As a result of these factors, we must raise additional funds now and in the future and such funds may not be available on favorable terms, or at all. Furthermore, if we issue equity or debt securities to raise additional funds, our existing shareholders may experience dilution and the new equity or debt securities we issue may have rights, preferences and privileges senior to those of our existing shareholders. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our products or proprietary technologies, or grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, obtain the required regulatory clearances or approvals, execute our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. Any of these events could adversely affect our ability to achieve our development and commercialization goals, which could have a material and adverse effect on our business, results of operations and financial condition.

We have a limited operating history. Further, we have incurred losses since inception. The actual extent of our future losses and the timing of profitability are highly uncertain, and we may never achieve profitable operations. The principal causes of our losses are likely to be primarily attributable to personnel costs, working capital costs, research and development costs, brand development costs and marketing and promotion costs. We may never achieve profitability.

***We are in a highly competitive industry and face competition from large, well-established medical device manufacturers as well as new market entrants.***

Competition from other medical device companies and from research and academic institutions is intense, expected to increase, subject to rapid change, and significantly affected by new product introductions and other market activities of industry participants. In addition to competing with universities and other research institutions in the development of products, technologies and processes, we compete with other companies in acquiring rights to products or technologies from those institutions. There can be no assurance that we can develop products that are more effective or achieve greater market acceptance than competitive products, or that our competitors will not succeed in developing or acquiring products and technologies that are more effective than those being developed by us, that would render our products and technologies less competitive or obsolete.

Our competitors enjoy several competitive advantages over us, including some or all of the following:

- products which have been approved by regulatory authorities for use in the United States and/or Europe and which are supported by long-term clinical data;
- significantly greater name recognition;
- established relations with surgeons, hospitals, other healthcare providers and third party payors;
- large and established distribution networks in the United States and/or in international markets;
- greater experience in obtaining and maintaining regulatory approvals and/or clearances from the United States Food and Drug Administration and other regulatory agencies;
- more expansive portfolios of intellectual property rights; and
- greater financial, managerial and other resources for products research and development, sales and marketing efforts and protecting and enforcing intellectual property rights.

Our competitors' products will compete directly with our products. In addition, our competitors as well as new market entrants may develop or acquire new treatments, products or procedures that will compete directly or indirectly with our products. The presence of this competition in our market may lead to pricing pressure which would make it more difficult to sell our products at a price that will make us profitable or prevent us from selling our products at all. Our failure to compete effectively would have a material and adverse effect on our business, results of operations and financial condition.

***Our ability to protect our intellectual property and proprietary technology through patents and other means is uncertain and may be inadequate, which would have a material and adverse effect on us.***

Our success depends significantly on our ability to protect our proprietary rights to the technologies used in our products. We rely on patent protection, as well as a combination of copyright, trade secret and trademark laws and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology, including our licensed technology. These legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. For example, our pending United States and foreign patent applications (and those we have or will have licenses to) may not issue as patents in a form that will be advantageous to us or may issue and be subsequently successfully challenged by others and invalidated. In addition, our pending patent applications include claims to material aspects of our products and procedures that are not currently protected by issued patents. Both the patent application process and the process of managing patent disputes can be time consuming and expensive. Competitors may be able to design around our patents or develop products that provide outcomes that are comparable or even superior to ours. Although we have taken steps to protect our intellectual property and proprietary technology, including entering into confidentiality agreements and intellectual property assignment agreements with some of our officers, employees, consultants and advisors, such agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States.

In the event a competitor infringes upon our licensed or pending patent or other intellectual property rights, enforcing those rights may be costly, uncertain, difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents rights against a challenge. The failure to obtain patents and/or protect our intellectual property rights could have a material and adverse effect on our business, results of operations, and financial condition.

***We may become subject to claims of infringement or misappropriation of the intellectual property rights of others, which could prohibit us from developing our products, require us to obtain licenses from third parties or to develop non-infringing alternatives, and subject us to substantial monetary damages.***

Third parties could, in the future, assert infringement or misappropriation claims against us with respect to products we develop. Whether a product infringes a patent or misappropriates other intellectual property involves complex legal and factual issues, the determination of which is often uncertain. Therefore, we cannot be certain that we have not infringed the intellectual property rights of others. Our potential competitors may assert that some aspect of our product infringes their patents. Because patent applications may take years to issue, there also may be applications now pending of which we are unaware that may later result in issued patents that our products infringe. There also may be existing patents or pending patent applications of which we are unaware that our products may inadvertently infringe.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management's attention from our business and harm our reputation. If the relevant patents in such claim were upheld as valid and enforceable and we were found to infringe, we could be prohibited from selling any product that is found to infringe unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain such a license on terms acceptable to us, if at all, and we may not be able to redesign our products to avoid infringement. A court could also order us to pay compensatory damages for such infringement, plus prejudgment interest and could, in addition, treble the compensatory damages and award attorney fees. These damages could be substantial and could harm our reputation, business, financial condition and operating results. A court also could enter orders that temporarily, preliminarily or permanently enjoin us and our customers from making, using, or selling products, and could enter an order mandating that we undertake certain remedial activities. Depending on the nature of the relief ordered by the court, we could become liable for additional damages to third parties.

***Our patents and licenses may be subject to challenge on validity grounds, and our patent applications may be rejected.***

We rely on our patents, patent applications, licenses and other intellectual property rights to give us a competitive advantage. Whether a patent is valid, or whether a patent application should be granted, is a complex matter of science and law, and therefore we cannot be certain that, if challenged, our patents, patent applications and/or other intellectual property rights would be upheld. If one or more of those patents, patent applications, licenses and other intellectual property rights are invalidated, rejected or found unenforceable, that could reduce or eliminate any competitive advantage we might otherwise have had.

***The prosecution and enforcement of patents licensed to us by third parties are not within our control, and without these technologies, our product may not be successful and our business would be harmed if the patents were infringed or misappropriated without action by such third parties.***

We have obtained licenses from third parties for patents and patent application rights related to the products we are developing, allowing us to use intellectual property rights owned by or licensed to these third parties. We do not control the maintenance, prosecution, enforcement or strategy for many of these patents or patent application rights and as such are dependent in part on the owners of the intellectual property rights to maintain their viability. Without access to these technologies or suitable design-around or alternative technology options, our ability to conduct our business could be impaired significantly.

***Our NDGA License Agreement could be terminated.***

Under our license agreement with Shriners' Hospitals for Children and University of South Florida Research Foundation dated January 29, 2007, it is possible for the licensor to terminate the agreement if we breach the license agreement and all of our cure rights are exhausted. If our license agreement were to be terminated, it would have a negative impact on our business.

***We may be subject to damages resulting from claims that we, our employees, or our independent contractors have wrongfully used or disclosed alleged trade secrets of others.***

Some of our employees were previously employed at other medical device companies. We may also hire additional employees who are currently employed at other medical device companies, including our competitors. Additionally, consultants or other independent agents with which we may contract may be or have been in a contractual arrangement with one or more of our competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or independent contractors have used or disclosed any party's trade secrets or other proprietary information. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail to defend such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to market existing or new products, which could severely harm our business.

***SaluMedica, LLC may license the PVA-based hydrogel, the material used to make MiMedx's HydroFix™ products and other products we are developing, and its trademark to third parties for use in applications unrelated to the spine, rotator cuff, or surgical sheet applications. This may expose us to adverse publicity if these uses are not proven safe and effective.***

Our licenses with SaluMedica, LLC allows us to use technology and/or know-how related to the material used to manufacture applications related to the spine, rotator cuff and surgical sheet, and allows us to use the Salubria® biomaterial trademark. SaluMedica, LLC may license the PVA-based hydrogel and rights related to the Salubria® biomaterial trademark to third parties for applications not related to the spine, rotator cuff, or surgical sheet. If the use of Salubria® biomaterial or the PVA-based hydrogel by these third parties results in product liability claims or has other adverse effects in patients, surgeons and patients may associate these claims and effects with our products, even if our products are nevertheless proven safe and effective. If Salubria® biomaterial experiences adverse publicity or is not proven safe and effective in other applications, sales of our products could be adversely affected.



***We depend on key personnel.***

Our success will depend, in part, upon our ability to attract and retain additional skilled personnel, which will require substantial additional funds. There can be no assurance that we will be able to find and attract additional qualified employees or retain any such personnel. Our inability to hire qualified personnel, the loss of services of our key personnel, or the loss of services of executive officers or key employees that that may be hired in the future may have a material and adverse effect on our business.

***Our operating results may fluctuate significantly as a result of a variety of factors, many of which are outside of our control.***

We are subject to the following factors, among others, that may negatively affect our operating results:

- the announcement or introduction of new products by our competitors;
- our ability to upgrade and develop our systems and infrastructure to accommodate growth;
- our ability to attract and retain key personnel in a timely and cost effective manner;
- technical difficulties;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure;
- regulation by federal, state or local governments; and
- general economic conditions as well as economic conditions specific to the healthcare industry.

As a result of our limited operating history, limited resources, and the nature of the markets in which we compete, it is extremely difficult for us to forecast accurately. We have based our current and future expense levels largely on our investment plans and estimates of future events although certain of our expense levels are, to a large extent, fixed. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenue relative to our planned expenditures would have an immediate adverse effect on our business, results of operations and financial condition. Further, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions that could have a material and adverse effect on our business, results of operations and financial condition. Due to the foregoing factors, our revenue and operating results are and will remain difficult to forecast.

***The failure of government health administrators and private health insurers to reimburse patients for costs of services incorporating our current or potential products would materially and adversely affect our business.***

Our success depends, in part, on the extent to which reimbursement for the costs of products to users will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty usually exists as to the reimbursement status of newly approved healthcare products. Adequate third party insurance coverage may be unavailable for us, our sublicensees or partners to establish and maintain price levels sufficient for realization of an appropriate return on investment. Government and other third-party payers attempt to contain healthcare costs by limiting both coverage and the level of reimbursement of new products. Therefore, we cannot be certain that our products or the procedures performed with them will be covered or adequately reimbursed and thus we may be unable to sell our products profitably if third-party payors deny coverage or reduce their levels of payment below that which we project, or if our production costs increase at a greater rate than payment levels. If government and other third party payers do not provide adequate coverage and reimbursement for uses of the products incorporating our technology, the market's acceptance of our products could be adversely affected.

***Disruption of our manufacturing could adversely affect our business, financial condition and results of operations.***

Our results of operations are dependent upon the continued operation of our manufacturing facilities. The operation of biomedical manufacturing plants involves many risks. Such risks include the risks of breakdown, failure or substandard performance of equipment, the occurrence of natural and other disasters, and the need to comply with the requirements of directives from government agencies, including the FDA. The occurrence of material operational problems could have a material adverse effect on our business, financial condition, and results of operations during the period of such operational difficulties.

***We currently have only one product cleared by the FDA for marketing, and may never develop or launch, any commercialized products.***

We have had only limited sales. We have invested substantial time and resources in developing various additional products. Commercialization of these products, including collagen fiber and PVA-based hydrogel products, will require additional development, clinical evaluation, regulatory clearance or approval, significant marketing efforts and substantial additional investment before they can provide us with any revenue. Despite our efforts, our products may not become commercially successful products for a number of reasons, including:

- we may not be able to obtain regulatory clearance or approvals for our products, or the approved indication may be narrower than we seek;
- our products may not prove to be safe and effective in preclinical or clinical trials;
- physicians or hospitals may not receive any reimbursement from third party payors, or the level of reimbursement may be insufficient to support widespread adoption of our products;
- we may experience delays in our development program;
- any products that are approved may not be accepted in the marketplace by physicians or patients;
- we may not be able to manufacture any of our products in commercial quantities or at an acceptable cost; and
- rapid technological change may make our products obsolete.

***We face the risk of product liability claims or recalls and may not be able to obtain or maintain adequate product liability insurance.***

Our business exposes us to the risk of product liability claims that are inherent in the testing, manufacturing and marketing of medical devices, including those that may arise from the misuse or malfunction of, or design flaws in, our products. We may be subject to such claims if our products cause, or appear to have caused, an injury. Claims may be made by patients, healthcare providers or others selling our products. Defending a lawsuit, regardless of merit, could be costly, divert management attention and result in adverse publicity, which could result in the withdrawal of, or reduced acceptance of, our products in the market.

Although we have product liability insurance that we believe is adequate, this insurance is subject to deductibles and coverage limitations and we may not be able to maintain this insurance. If we are unable to maintain product liability insurance at an acceptable cost or on acceptable terms with adequate coverage or otherwise protect ourselves against potential product liability claims, we could be exposed to significant liabilities, which may harm our business. A product liability claim or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could result in significant costs and significant harm to our business.

***If we are unable to sell, market and distribute our products, our business may be harmed.***

To achieve commercial success for our products, we must develop a sales and marketing force, or enter into arrangements with others to market and sell our products. In addition to being expensive, developing such a sales force is time consuming, and could delay or limit the success of any product launch. We may not be able to develop this capacity on a timely basis or at all. Qualified direct sales personnel with experience in the medical device market are in high demand, and there is no assurance that we will be able to hire or retain an effective direct sales team. Similarly, qualified independent medical device representatives both within and outside the United States are in high demand, and we may not be able to build an effective network for the distribution of our product through such representatives. We have no assurance that we will be able to enter into contracts with representatives on terms acceptable to us, or if we do, we may be subject to a number of risks, including:

- We may be required to relinquish important rights to our products;
- We may not be able to control the amount and timing of resources that our distributors may devote to the commercialization of our products;
- Our distributors may experience financial difficulties; and
- Business combinations or significant changes in a distributor's business strategy may also adversely affect a distributor's willingness or ability to complete its obligations under any arrangement.

Failure to market and distribute products to our customers in a timely and cost effective manner would cause our potential sales to decrease and our margins to fall.



***Off-label promotion of our products could result in substantial penalties.***

We are only permitted to promote our products in the U.S. for the uses indicated on the respective label as cleared by the FDA. The U.S. Attorneys' offices and other regulators, in addition to the FDA, have recently focused substantial attention on off-label promotional activities and have initiated civil and criminal investigations related to such practices. If it is determined by these or other regulators that we have promoted our products for off-label use, we could be subject to fines, legal proceedings, injunctions or other penalties.

***To be commercially successful, we must convince surgeons that our products are safe and effective alternatives to existing surgical treatments and that our products should be used in their procedures.***

We believe surgeons may not widely adopt our products unless they determine, based on experience, clinical data and published peer reviewed journal articles, that the use of our products in a particular procedure is a favorable alternative to conventional methods. Surgeons may be slow to change their medical treatment practices for the following reasons, among others:

- their lack of experience with prior procedures in the field using our products;
- lack of evidence supporting additional patient benefits and our products over conventional methods;
- perceived liability risks generally associated with the use of new products and procedures;
- limited availability of reimbursement from third party payors; and
- the time that must be dedicated to training.

In addition, we believe recommendations for and support of our products by influential surgeons are essential for market acceptance and adoption. If we do not receive this support or if we are unable to demonstrate favorable long-term clinical data, surgeons and hospitals may not use our products which would significantly reduce our ability to achieve expected revenue and would prevent us from becoming profitable.

***Any failure in our efforts to train surgeons could significantly reduce the market acceptance of our products.***

There will be a learning process involved for surgeons to become proficient in the use of our products. It will be critical to the success of our commercialization efforts to train a sufficient number of surgeons and to provide them with adequate instruction in the use of our products. This training process may take longer than expected and may therefore affect our ability to generate sales. Convincing surgeons to dedicate the time and energy necessary for adequate training is challenging and we may not be successful in these efforts. If surgeons are not properly trained, they may misuse or ineffectively use our products. This may result in unsatisfactory patient outcomes, patient injury, negative publicity, or lawsuits against us, any of which could have an adverse effect on our business.

***We depend on a single or a limited number of third-party suppliers, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials could adversely affect our business.***

We rely on a limited number of third-party suppliers for the raw materials required for the production of our implant products. Furthermore, in some cases we rely on a single supplier. Our dependence on a limited number of third-party suppliers or on a single supplier, and the challenges we may face in obtaining adequate supplies of raw materials, involve several risks, including limited control over pricing, availability, quality, and delivery schedules. We cannot be certain that our current suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our products until a new source of supply, if any, could be identified and qualified. Although we believe there are other suppliers of these raw materials, we may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and commercialization of our products, including limiting supplies necessary for clinical trials and regulatory approvals, or interrupt production of the existing products that are already marketed, which would have a material adverse effect on our business.

We also use collagen, a protein obtained from animal source tissue, as another significant material required to produce our products. We may not be able to obtain adequate supplies of animal source tissue, or to obtain this tissue from animal herds that we believe do not involve pathogen contamination risks, to meet our future needs or on a cost-effective basis. Any significant supply interruption could adversely affect the production of our products and delay our product development or clinical trial programs. These delays would have an adverse effect on our business.

***We will need to increase the size of our organization, and we may be unable to manage rapid growth effectively.***

Our failure to manage growth effectively could have a material and adverse effect on our business, results of operations and financial condition. We anticipate that a period of significant expansion will be required to address possible other acquisitions of business, products, or rights, and potential internal growth to handle licensing and research activities. This expansion will place a significant strain on management, operational and financial resources. To manage the expected growth of our operations and personnel, we must both modify our existing operational and financial systems, procedures and controls and implement new systems, procedures and controls. We must also expand our finance, administrative, and operations staff. Our current personnel, systems, procedures and controls may not adequately support our future operations. Management may be unable to hire, train, retain, motivate and manage necessary personnel or to identify, manage and exploit existing and potential strategic relationships and market opportunities.

***Our business could be materially and adversely impacted by risks inherent in international markets.***

We expect a significant percentage of our revenue to be from sales to customers outside the U.S. International sales subject us to inherent risks related to changes in the economic, political, legal and business environments in the foreign countries in which we do business, including the following:

- Fluctuations in currency exchange rates;
- Regulatory, product approval and reimbursement requirements;
- Tariffs and other trade barriers;
- Greater difficulty in accounts receivable collection and longer collection periods;
- Difficulties and costs of managing foreign distributors;
- Reduced protection for intellectual property rights in some countries;
- Burdens of complying with a wide variety of foreign laws;
- The impact of recessions in economics outside the U.S.; and
- Political and economic instability
- U.S. Export regulatory restrictions

If we fail to successfully market and sell our products in international markets, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

***Recent and future acquisitions may cause integration problems, disrupt our business and strain our resources.***

In early 2011, we made a strategic business acquisition, and may continue with such acquisitions in the future. Our success will depend, to a certain extent, on the future performance of these acquired business entities. These acquisitions, either individually or as a whole, could divert management attention from other business concerns and expose us to unforeseen liabilities or risks associated with entering new markets and integrating these new entities. Further, the integration of these entities may cause us to lose key employees or key customers. Integrating newly acquired organizations and technologies could be expensive and time consuming and may strain our resources. Consequently, we may not be successful in integrating these acquired businesses or technologies and may not achieve anticipated revenue and cost benefits.

## Risks Related to Regulatory Approval of Our Products and Other Government Regulations

***Government regulation of our business is extensive and obtaining and maintaining the necessary regulatory approvals is uncertain, expensive and time-consuming.***

The process of obtaining regulatory clearances or approvals to market a medical device from the FDA, or similar regulatory authorities outside of the United States is costly and time consuming, and there can be no assurance that such clearances or approvals will be granted on a timely basis, or at all. The FDA's 510(k) clearance process generally takes 30 days to 6 months from submission, depending on whether a Special or traditional 510(k) premarket notification has been submitted, but can take significantly longer. An application for premarket approval, or PMA, must be submitted to the FDA if the device cannot be cleared through the 510(k) clearance process and is not exempt from premarket review by the FDA. The PMA process almost always requires one or more clinical trials and can take one to three years from the date of filing, or longer. In some cases, the FDA has indicated that it will require clinical data as part of the 510(k) process.

There is no certainty that any of our products will be cleared by the FDA by means of either a 510(k) notice or a PMA application. Even if the FDA permits us to use the 510(k) clearance process, we cannot assure you that the FDA will not require either supporting data from laboratory tests or studies that we have not conducted, or substantial supporting clinical data. If we are unable to use the 510(k) clearance process for any of our products, are required to provide clinical data or laboratory data that we do not possess to support our 510(k) premarket notifications for any of these products, or otherwise experience delays in obtaining or fail to obtain regulatory clearances, the commercialization of such product will be delayed or prevented, which will adversely affect our ability to generate revenue. It also may result in the loss of potential competitive advantages that we might otherwise attain by bringing our products to market earlier than our competitors. Any of these contingencies could adversely affect our business.

Even if regulatory clearance is obtained, a marketed product is subject to continual review, and later discovery of previously unidentified problems or failure to comply with the applicable regulatory requirements may result in restrictions on a product's marketing, recalls, or withdrawal of the product from the market as well as possible civil or criminal sanctions.

***We expect to be required to conduct clinical trials for some of our products. We have no experience conducting clinical trials, they may proceed more slowly than anticipated, and we cannot be certain that our products will be shown to be safe and effective for human use.***

In order to commercialize some of our products, we may be required to submit a PMA, which will require us to conduct clinical trials. Even if we seek FDA clearance of one our products through the 510(k) process, the FDA may require us to conduct a clinical trial in support of our 510(k). We will receive approval from the FDA to commercialize products requiring a clinical trial only if we can demonstrate to the satisfaction of the FDA, in well-designed and properly conducted clinical trials, that our product candidates are safe and effective and otherwise meet the appropriate standards required for approval for specified indications. Clinical trials are complex, expensive, time consuming, uncertain and subject to substantial and unanticipated delays. Before we may begin clinical trials that present a significant risk to subjects, we must submit and obtain FDA approval of an investigational device exemption, or IDE, that describes, among other things, the manufacture of, and controls for, the device and a complete investigational plan. Clinical trials may involve a substantial number of patients in a multi-year study. We may encounter problems with our clinical trials and any of those problems could cause us or the FDA to suspend those trials, or delay the analysis of the data derived from them.

A number of events or factors, including any of the following, could delay or prevent the completion of our clinical trials in the future and negatively impact or even foreclose our ability to obtain FDA approval for, and to introduce a particular product:

- failure to obtain approval from the FDA or any foreign regulatory authority to commence an investigational study;
- conditions imposed on us by the FDA or any foreign regulatory authority regarding the scope or design of our clinical trials;
- delays in obtaining or in our maintaining required approvals from institutional review boards or other reviewing entities at clinical sites selected for participation in our clinical trials;
- insufficient supply of our products or other materials necessary to conduct our clinical trials;
- difficulties in enrolling patients in our clinical trials;
- negative or inconclusive results from clinical trials, or results that are inconsistent with earlier results, that necessitate additional clinical studies;
- serious or unexpected side effects experienced by patients in whom our products are implanted; or
- failure by any of our third-party contractors or investigators to comply with regulatory requirements or meet other contractual obligations in a timely manner.

Our clinical trials may not begin as planned, may need to be redesigned, and may not be completed on schedule, if at all. Delays in our clinical trials may result in increased development costs for our product candidates, which could cause our stock price to decline and limit our ability to obtain additional financing. In addition, if one or more of our clinical trials are delayed, competitors may be able to bring products to market before we do, and the commercial viability of our product candidates could be significantly reduced.

There may be unexpected findings, particularly those that may only become evident from larger scale clinical trials, as compared with the smaller scale tests we intend to do initially. The occurrence of unexpected findings in connection with our clinical trials or any subsequent clinical trial required by our regulators may prevent or delay obtaining regulatory approval, and may adversely affect coverage or reimbursement determinations. Our regulators may also determine that additional clinical trials are necessary, in which case approval may be delayed for several months or even years while these trials are conducted. The clinical trials may not show that products we develop are safe and effective. If we are unable to complete the clinical trials necessary to successfully support our regulatory applications, our ability to commercialize our products, business, financial condition, and results of operations would be materially adversely affected.

***Our products contain biologic materials, and so may face additional obstacles to FDA clearance or approval.***

To complete successful clinical trials, a product must meet the criteria for clinical approval, or endpoints, established in the clinical study. These endpoints are established in consultation with the FDA, following any applicable clinical trial design guidelines, to establish the safety and effectiveness for approval of devices subject to PMA approval, or to demonstrate the substantial equivalence of devices subject to 510(k) clearance. However, in the case of products which are novel or which target parts of the human body for which there are no FDA approved products, the scientific literature may not be as complete and there may not be established guidelines for the design of studies to demonstrate the effectiveness of such products. As a result, clinical trials considering such products may take longer than average and obtaining approval may be more difficult. Additionally, the endpoints established for such a clinical trial might be inadequate to demonstrate the safety and efficacy or substantial equivalence required for regulatory clearance because they do not adequately measure the clinical benefit of the product being tested. In certain cases additional data collected in the clinical trial or further clinical trials may be required by the FDA. Any delays in regulatory approval will delay commercialization of our products, which may have an adverse effect on our business.

The FDA regulates human therapeutic products in one of three broad categories: drugs, biologics or medical devices. The FDA's scrutiny of products containing biologic materials may be heightened. Although we anticipate that most of our products under development will be regulated in the U.S. as medical devices, we will use biological materials in the production of several devices. FDA may conclude that some of our products are combinations of devices and biologics, or may conclude that some of our products are biologics rather than devices, potentially requiring a different and more time consuming premarket clearance mechanism. Use of this biological material in our products may result in heightened scrutiny of such product which may result in further delays in, or obstacles to, obtaining FDA clearance or approval.

***Subsequent modifications to our products may require new regulatory approvals, or may require us to cease marketing or recall the modified products until approvals are obtained.***

Once our products receive FDA approval or clearance, subsequent modification to our products may require new regulatory approvals or clearances, including 510(k) clearances or premarket approvals, or require us to recall or cease marketing the modified devices until these clearances or approvals are obtained. The FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance. A manufacturer may determine that a modification does not require a new clearance or approval. However, the FDA can review a manufacturer's decision and may disagree. The FDA may also on its own initiative determine that a new clearance or approval is required. We may make modifications that we believe do not or will not require additional clearances or approvals. If the FDA disagrees and requires new clearances or approvals for the modifications, we may be required to recall and to stop marketing our products as modified, which could require us to redesign our products and harm our operating results. In these circumstances, we may be subject to significant enforcement actions.

If a manufacturer determines that a modification to a FDA-cleared device requires premarket clearance, then the manufacturer must file for a new 510(k) clearance or possibly a premarket approval application supplement. Where we determine that modifications to our products require a new 510(k) clearance or premarket approval application, we may not be able to obtain those additional clearances or approvals for the modifications or additional indications in a timely manner, or at all. Obtaining clearances and approvals can be a time consuming process, and delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth.

***If we or our suppliers fail to comply with the FDA's quality system regulations, the manufacture of our products could be delayed.***

We and our suppliers are required to comply with the FDA's quality system regulations, which cover the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, storage and shipping of our products. The FDA enforces the quality system regulation through inspections. If we or our supplier fail a quality system regulations inspection or if any corrective action plan is not sufficient, FDA could take enforcement action, including any of the following sanctions and the manufacture of our products could be delayed or terminated:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications for repair, replacement, refunds;
- recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or premarket approval of new products or modified products;
- withdrawing 510(k) clearances on PMA approvals that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

***We and our sales personnel, whether employed by us or by others, must comply with various federal and state anti-kickback, self referral, false claims and similar laws, any breach of which could cause a material adverse effect on our business, financial condition and results of operations.***

Our relationships with surgeons, hospitals and the marketers of our products are subject to scrutiny under various federal anti-kickback, self-referral, false claims and similar laws, often referred to collectively as healthcare fraud and abuse laws. Healthcare fraud and abuse laws are complex, and even minor, inadvertent violations can give rise to claims that the relevant law has been violated. Possible sanctions for violation of these fraud and abuse laws include monetary fines, civil and criminal penalties, exclusion from federal and state healthcare programs, including Medicare, Medicaid, Veterans Administration health programs, workers' compensation programs and TRICARE (the healthcare system administered by or on behalf of the U.S. Department of Defense for uniformed services beneficiaries, including active duty and their dependents, retirees and their dependents), and forfeiture of amounts collected in violation of such prohibitions. Certain states have similar fraud and abuse laws, imposing substantial penalties for violations. Any government investigation or a finding of a violation of these laws would likely result in a material adverse effect on the market price of our common stock, as well as our business, financial condition and results of operations.

Anti-kickback laws and regulations prohibit any knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for the referral of an individual or the ordering or recommending of the use of a product or service for which payment may be made by Medicare, Medicaid or other government-sponsored healthcare programs. We have formed a Medical Advisory Board consisting of an aggregate of over 14 physicians and scientists to assist us with scientific research and development and to help us evaluate technologies. We have also entered into consulting agreements and product development agreements with surgeons, including some who may make referrals to us or order our products after our products are introduced to market. In addition, some of these physicians own our stock, which they purchased in arms' length transactions on terms identical to those offered to non-surgeons, or received stock options from us as consideration for consulting services performed by them. We also may engage additional physicians on a consulting basis. While these transactions were structured with the intention of complying with all applicable laws, including the federal ban on physician self referrals, commonly known as the "Stark Law," state anti-referral laws and other applicable anti-kickback laws, it is possible that regulatory or enforcement agencies or courts may in the future view these transactions as prohibited arrangements that must be restructured or for which we would be subject to other significant civil or criminal penalties, or prohibit us from accepting referrals from these surgeons. Because our strategy relies on the involvement of physicians who consult with us on the design of our product candidates, we could be materially impacted if regulatory or enforcement agencies or courts interpret our financial relationships with our physician advisors who refer or order our products to be in violation of applicable laws and determine that we would be unable to achieve compliance with such applicable laws. This could harm our reputation and the reputations of our physician advisors. In addition, the cost of noncompliance with these laws could be substantial since we could be subject to monetary fines and civil or criminal penalties, and we could also be excluded from federally funded healthcare programs, including Medicare and Medicaid, for non-compliance.

The scope and enforcement of all of these laws is uncertain and subject to rapid change, especially in light of the lack of applicable precedent and regulations. There can be no assurance that federal or state regulatory or enforcement authorities will not investigate or challenge our current or future activities under these laws. Any investigation or challenge could have a material adverse effect on our business, financial condition and results of operations. Any state or federal regulatory or enforcement review of us, regardless of the outcome, would be costly and time consuming. Additionally, we cannot predict the impact of any changes in these laws, whether these changes are retroactive or will have effect on a going-forward basis only.

***We face significant uncertainty in the industry due to government healthcare reform.***

Political, economic and regulatory influences are subjecting the healthcare industry to fundamental changes. Reforms being implemented or under consideration in the United States include mandated basic healthcare benefits, controls on healthcare spending, increases in insurance premiums and increased out-of-pocket requirements for patients, the creation of large group purchasing organizations that aim to reduce the costs of products that their member hospitals consume, and significant modifications to the healthcare delivery system. We anticipate that the U.S. Congress and state legislatures will continue to review and assess alternative healthcare delivery systems and payment methods. Due to uncertainties regarding the ultimate features of reform initiatives and the timing of their enactment and implementation, we cannot predict which, if any, of such reform proposals will be adopted, when they may be adopted or what impact reform initiatives may have on us.

**Risks Related to the Securities Markets and Ownership of Our Common Stock**

***The price of our Common Stock has been, and will likely continue to be, volatile.***

The market price of our Common Stock, like that of the securities of many other companies that are in, or are just emerging from, the development stage, has fluctuated over a wide range and it is likely that the price of our Common Stock will fluctuate in the future. Over the past two fiscal years, the closing price of our Common Stock, as reported by the OTC Bulletin Board, has fluctuated from a low of \$.40 to a high of \$6.35. The market price of our Common Stock could be impacted by a variety of factors, including:

- Fluctuations in stock market prices and trading volumes of similar companies or of the markets generally;
- Our ability to successfully launch, market and earn significant revenue from our products;
- Our ability to obtain additional financing to support our continuing operations;
- Disclosure of the details and results of regulatory applications and proceedings;
- Changes in government regulation;
- Additions or departures of key personnel;
- Our investments in research and development or other corporate resources;
- Announcements of technological innovations or new commercial products or services by us or our competitors;
- Developments in the patents or other proprietary rights owned or licensed by us or our competitors;
- The timing of new product introductions;
- Actual or anticipated fluctuations in our operating results, including any restatements of previously reported results;
- Our ability to effectively and consistently manufacture our products and avoid costs associated with the recall of defective or potentially defective products;
- Our ability and the ability of our distribution partners to market and sell our products;
- Changes in distribution channels; and
- The ability of our vendors to effectively and timely deliver necessary materials and product components.



Further, due to the relatively fixed nature of most of our costs, which primarily include personnel costs as well as facilities costs, any unanticipated shortfall in revenue in any fiscal quarter would have an adverse effect on our results of operations in that quarter. Accordingly, our operating results for any particular quarter may not be indicative of results for future periods and should not be relied upon as an indication of our future performance. These fluctuations could cause the trading price of our stock to be negatively affected. Our quarterly operating results have varied substantially in the past and may vary substantially in the future. In addition, the stock market has been very volatile, particularly on the OTC Bulletin Board where our stock is quoted. This volatility is often not related to the operating performance of companies listed thereon and will probably continue in the foreseeable future.

***The concentrated Common Stock ownership by certain of our executive officers and directors will limit your ability to influence corporate matters.***

As of December 31, 2010, our directors and executive officers together beneficially owned approximately 29% of our outstanding Common Stock. This group has significant influence over our management and affairs and overall matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or sale of our company or our assets, for the foreseeable future. This concentrated control will limit the ability of other shareholders to influence corporate matters and, as a result, we may take actions that some of its shareholders do not view as beneficial. In addition, such concentrated control could discourage others from initiating changes of control. As a result, the market price of our shares could be adversely affected.

***The exercise of warrants or options or conversion of notes may depress our stock price and may result in dilution to our common stockholders.***

There are a significant number of outstanding warrants and options to purchase our stock and there are a certain number of outstanding notes that are convertible into our Common Stock. If the market price of our Common Stock rises above the exercise price of outstanding warrants and options or the conversion price of the outstanding notes, holders of those securities may be likely to exercise their warrants and options or convert their notes and sell the Common Stock acquired upon exercise or conversion of such securities, as applicable, in the open market. Sales of a substantial number of shares of our Common Stock in the public market by holders of warrants, options, or notes may depress the prevailing market price for our Common Stock and could impair our ability to raise capital through the future sale of our equity securities. Additionally, if the holders of outstanding options, warrants, or notes exercise those options or warrants or convert those notes, as applicable, our common stockholders will incur dilution in their relative percentage ownership.

As of December 31, 2010, warrants to purchase 6,003,924 shares of our common stock at a weighted average exercise price of \$1.21 per share were outstanding and exercisable; options to purchase 8,257,650 shares of common stock were outstanding, of which 6,041,220 were exercisable at a weighted average exercise price of \$1.31 per share; and notes convertible into 403,000 shares of common stock at a conversion price of \$1.00 per share were outstanding.

***Our Common Stock is and likely will remain subject to the SEC's "Penny Stock" rules, which may make its shares more difficult to sell.***

Because the price of our Common Stock is currently and may remain less than \$5.00 per share, it is expected to be classified as a "penny stock." The SEC rules regarding penny stocks may have the effect of reducing trading activity in our shares, making it more difficult for investors to sell. Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser;
- receive the purchaser's written agreement to a transaction prior to sale;
- provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describe the market for these "penny stocks" as well as a purchaser's legal remedies;
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has received the required risk disclosure document before a transaction in a "penny stock" can be completed; and
- give bid and offer quotations and broker and salesperson compensation information to the customer orally or in writing before or with the confirmation.

These rules make it more difficult for broker-dealers to effectuate customer transactions and trading activity in our securities and may result in a lower trading volume of our common stock and lower trading prices.

***Our Common Stock may be thinly traded.***

There is a minimal public market for our Common Stock. We cannot be certain more of a public market for our Common Stock will develop, or if developed, that it will be sustained. Our Common Stock will likely be thinly traded compared to larger more widely known companies. We cannot predict the extent to which an active public market for our Common Stock will develop or be sustained at any time in the future. If we are unable to develop or sustain a market for our Common Stock, investors may be unable to sell the Common Stock they own, and may lose the entire value of their investment.

***Securities analysts may elect not to report on our Common Stock or may issue negative reports that adversely affect the stock price.***

At this time, no securities analysts provide research coverage of our Common Stock, and securities analysts may elect not to provide such coverage in the future. Rules mandated by the Sarbanes-Oxley Act and a global settlement reached in 2003 among the SEC, other regulatory agencies, and a number of investment banks led to a number of fundamental changes in how analysts are reviewed and compensated. In particular, many investment banking firms are required to contract with independent financial analysts for their stock research. It may remain difficult for a company such as ours, with a smaller market capitalization, to attract independent financial analysts that will cover our Common Stock. If securities analysts do not cover our Common Stock, the lack of research coverage may adversely affect its actual and potential market price. The trading market for our Common Stock may be affected in part by the research and reports that industry or financial analysts publish about its business. If one or more analysts elect to cover us and then downgrade the stock, the stock price would likely decline rapidly. If one or more of these analysts cease coverage of us, we could lose visibility in the market, which in turn could cause our stock price to decline. This could have a negative effect on the market price of our shares.

***We do not intend to pay cash dividends.***

We have never declared or paid cash dividends on our capital stock. We currently expect to use available funds and any future earnings in the development, operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of any future debt or credit facility we may obtain may preclude us from paying any dividends. As a result, capital appreciation, if any, of our Common Stock will be an investor's only source of potential gain from our Common Stock for the foreseeable future.

***Shareholders may experience significant dilution if future equity offerings are used to fund operations or acquire complementary businesses.***

If future operations or acquisitions are financed through the issuance of equity securities, shareholders could experience significant dilution. In addition, securities issued in connection with future financing activities or potential acquisitions may have rights and preferences senior to the rights and preferences of our Common Stock. The issuance of shares of our Common Stock upon the exercise of options may result in dilution to our shareholders.



***We may become involved in securities class action litigation that could divert management's attention and harm its business.***

The stock market in general and the stocks of medical device companies in particular have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of the companies involved. If these fluctuations occur in the future, the market price of our shares could fall regardless of its operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has been brought against that company. If the market price or volume of our shares suffers extreme fluctuations, then we may become involved in this type of litigation which would be expensive and divert management's attention and resources from managing the business.

***Anti-takeover provisions in our organizational documents may discourage or prevent a change of control, even if an acquisition would be beneficial to shareholders, which could affect our share price adversely and prevent attempts by shareholders to replace or remove current management***

Our Articles of Incorporation and Bylaws contain provisions that could delay or prevent a change of control of our company or its Board of Directors that shareholders might consider favorable. Some of these provisions include:

- authorizing the issuance of preferred stock which can be created and issued by the Board of Directors without prior common stock shareholder approval, with rights senior to those of the common stock;
- restricting persons who may call shareholder meetings; and
- allowing the Board to fill vacancies and to fix the number of directors.

**Item 1B. Unresolved Staff Comments**

None

**Item 2. Properties**

Our corporate headquarters are located in Marietta, Georgia where we lease approximately 12,200 square feet of office, laboratory and manufacturing space. We lease approximately 5,000 square feet in Tampa, Florida, which primarily consists of laboratory (2,000 feet) and manufacturing (3,000 feet) space. We believe these facilities are adequate for our current activities but expect to lease additional space in conjunction with executing our business plan.

**Item 3. Legal Proceedings**

None

**Item 4. (Removed and Reserved)**

**PART II****Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our Common Stock was approved for quotation on the OTC Bulletin Board on July 19, 2007. Only a limited number of shares were traded after the approval of the quotation in July 2007. The Common Stock was traded with the trading symbol of "AYXC."

Our common stock began trading under the symbol "MDXG" on April 2, 2008. The following table sets forth the high and low bid prices on the OTC Bulletin Board for our common stock, based on information provided from OTC Bulletin Board. These quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

	High*	Low*
Year Ended December 31, 2010		
First Quarter	\$ 1.75	\$ .75
Second Quarter	1.55	1.00
Third Quarter	1.48	0.99
Fourth Quarter	1.35	0.80
Year Ended December 31, 2009		
First Quarter	\$ 4.40	\$ .40
Second Quarter	.75	.40
Third Quarter	.75	.42
Fourth Quarter	.89	.60

\* Adjusted to reflect the reverse stock split effective on April 2, 2008.

Based upon information supplied from our transfer agent, there were approximately 750 shareholders of record of our Common Stock as of March 15, 2011.

We have not paid any cash dividends on our Common Stock since our formation and do not intend to do so in the future.

To facilitate trading in the Company's shares, the Board is considering applying for a listing on a national exchange. If the Board does determine to pursue listing on a national exchange, the Company may consider implementing a reverse split of its Common Stock.

**Unregistered Sales of Equity Securities and Use of Proceeds**

As reported in Note 7 "Common Stock Placements" in our consolidated financial statements as of and for the twelve months ended December 31, 2010, from January 1, 2011, through March 18, 2011, the Company sold an additional 1,088,775 shares of Common Stock and issued an additional 544,388 warrants and received cash proceeds of \$1,088,775. See "Notes to Consolidated Financial Statements" for the terms of the Warrants. These sales were made in conjunction with the Company's most recent private placement which commenced in October 2010 ("October 2010 Private Placement").

The Company relied on Section 4(2) of the Securities Act of 1933 (the "Securities Act") and Rule 506 of Regulation D under the Securities Act, as amended, to issue the securities described above because they were offered to accredited investors and a limited number of unaccredited investors who purchased for investment in transactions that did not involve a general solicitation.

Form 10-Q for the nine months ended September 30, 2010 filed November 15, 2010 and Form D dated November 29, 2010, also provide information related to unregistered sales of equity securities during the twelve months ended December 31, 2010.

We did not repurchase any shares during the last three months of 2010 and currently have no share repurchase plans or programs.

**Item 6. Selected Financial Data**

Not applicable.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

You should read the following discussion and analysis of financial condition and results of operations, together with the financial statements and the related notes appearing at the end of this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

The discussion and analysis of our financial conditions and results of operations are based on the Company's financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue, if any, and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

**Overview**

MiMedx Group, Inc. ("MiMedx Group") is an integrated developer, manufacturer and marketer of patent-protected biomaterial-based products, headquartered in Marietta, Georgia. We operate in one business segment, Biomaterials. MiMedx Group is emerging from a development-focused start-up company into a fully integrated operating company with the expertise to capitalize on its science and technology and the capacity to generate sales growth and profitability.

Prior to the 4th quarter of 2009, the Company explored business strategies through our three development units, MiMedx, SpineMedica and Level Orthopedics. After the sale of the Level assets and a thorough review of the strategic direction of the Company, management made the decision in late 2009 to consolidate the organizational structure. Instead of independent development teams and manufacturing locations, we have integrated development teams and all manufacturing has been consolidated into one site. Our Tampa, Florida location focuses on research and early stage product and process development. Our Marietta, Georgia, location, will house our corporate headquarters and our development and sales teams, as well as all manufacturing and distribution operations.

Our initial business strategy was to identify and acquire innovative new medical products and technologies, focused initially on the musculoskeletal market, as well as novel medical instrumentation and surgical techniques. We subsequently refined our strategy to specialize in proprietary biomaterial technologies that can be transformed into unique medical devices that fill an unmet or underserved clinical need. Our HydroFix™ hydrogel technology and our CollaFix™ collagen fiber technology are proprietary platforms that can serve as the basis for medical devices in various orthopedic and orthobiologic applications, such as spine, sports medicine, and trauma. We also have identified multiple product opportunities in general surgery, drug delivery, wound management and cardiac markets among others.

Our plan is to focus our internal commercialization efforts relative to our HydroFix™ and CollaFix™ materials on orthopedics and orthobiologic applications. As appropriate, we may partner with large, established companies in the general surgery, drug delivery, wound management, cardiac and other markets. Initial conversations with such external relationships have been initiated, but they will take time to develop.

We have organized an advisory panel of leading physicians to provide insight into our primary fields of interest for new products and technology, as well as guidance and advice with respect to ongoing product development programs.

Our core focus is on near-term opportunities for each of our technologies, advancing them through the regulatory process, establishing reliable and cost-effective manufacturing, and establishing an effective distribution system.

To implement our business plan and generate revenue from other sources, we must develop products and obtain regulatory clearances or approvals for those products in many jurisdictions. In 2010, we received two HydroFix™ CE Marks (European approval). The first was granted in February 2010 and is classified as a post-surgical adhesion inhibiting barrier and is used in specific spine surgeries. We recorded our first revenue for this product in the first quarter of 2010. In December 2010, we received a second CE mark for HydroFix™ Spine Shield for use in contact with the central circulatory system and the central nervous system. There was no revenue recorded in 2010 for this indication due to the fact that it was granted in late December.

### **Critical Accounting Policies**

We believe that of our significant accounting policies, which are described in Note 2 to our financial statements appearing elsewhere in this report, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

#### *Goodwill and intangible assets:*

Intangible assets include licensing rights and are accounted for based on FASB Accounting Standards Codification 350, "Intangibles — Goodwill and Other" (ASC 350), previously referred to as Financial Accounting Standard Statement No. 142 Goodwill and Other Intangible Assets. In that regard, goodwill is not amortized but is tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Intangible assets with finite useful lives are amortized using the straight-line method over a period of ten years, the remaining term of the patents underlying the licensing rights (considered to be the remaining useful life of the license). Significant judgments are involved in estimating future cash flows used to support the carrying value of goodwill and indefinite lived intangible assets.

#### *Impairment of long-lived assets:*

We evaluate the recoverability of our long-lived assets (finite lived intangible asset and property and equipment) whenever adverse events or changes in business climate indicate that the expected undiscounted future cash flows from the related assets may be less than previously anticipated. If the net book value of the related assets exceeds the expected undiscounted future cash flows of the assets, the carrying amount will be reduced to the present value of their expected future cash flows and an impairment loss would be recognized. Factors that may cause long-lived asset impairment include negative industry or economic trends and significant underperformance relative to historical or projected future operating results.

#### *Share-based compensation:*

We follow the provisions of FASB Accounting Standards Codification 718, "Compensation — Stock Compensation" (ASC 718), previously referred to as Statement of Financial Accounting Standards No. 123R — Share-based Payments which requires the measurement and recognition of compensation expense for all share-based payment awards either modified or granted to employees and directors based upon estimated fair values. The Black-Scholes-Merton option-pricing model, consistent with the provisions of ASC 718, was used to determine the fair value of each option granted. Option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. The Company uses projected volatility rates, which are based upon historical volatility rates, trended into future years. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options.

## Recently Adopted Accounting Pronouncements

In June 2009, the FASB issued Accounting Standards Update No. 2009-01 ("ASU 2009-01"), which establishes the FASB Accounting Standards Codification™ as the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Company adopted ASU 2009-01 during the three months ended September 30, 2009, and its adoption did not have any impact on the Company's consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 ("ASU 2009-05"), which clarified how to measure the fair value of liabilities in circumstances when a quoted price in an active market for the identical liability is not available. ASU 2009-05 is effective for the first reporting period beginning after the issuance of this standard. The Company adopted ASU 2009-05, and its adoption did not have an impact on its consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13 ("ASU 2009-13"), which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified beginning in fiscal years on or after June 15, 2010. Early adoption is permitted. The Company does not expect the adoption of this standard to have any effect on its financial statements until or unless it enters into agreements covered by this standard.

In January 2010, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2010-06 to Topic 820 — *Fair Value measurements and Disclosures*. This update provided requirements of new disclosures of significant transfers and also clarified existing disclosures around the level of disaggregation of each class of assets and liabilities, and about fair value inputs and valuation techniques. This updates was effective for interim and annual reporting periods beginning after December 15, 2009. Adoption of this update did not have a material impact on our financial statements.

In February 2010, the FAST issued ASU 2010-09 to Topic 855 — *Subsequent Events*, to amend certain recognition and disclosure requirements related to subsequent events. The new guidance clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued. Management must perform its assessment for both interim and annual financial reporting periods. This update also exempts SEC filers from disclosing the date through which subsequent events have been evaluated. Adoption of this update did not have a material impact on our financial statements.

## Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2010, the FASB issued ASU 2010-28 to Topic 350 — *Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. The amendments to the Codification in this update modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. Goodwill of a reporting unit is required to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This update is effective starting in the first quarter of 2011 with early adoption not permitted. Adoption of this update is not expected to have a material impact on our financial statements.

In December 2010, the FASB issued ASU 2010-29 to Topic 805 — *Business Combinations: Disclosure of Supplementary Pro Forma Information for Business Combinations*. The amendments to the Codification in this ASU apply to any public entity that enters into business combination that are material on an individual or aggregate basis and specify that the entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The update is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning in January 2011 with early adoption permitted. We plan to adopt this update for all acquisitions completed beginning in 2011 and provide the appropriate disclosures.

## **Results of Operations for the year ended December 31, 2010, compared to the 9 months ended December 31, 2009**

We are comparing the year ended December 31, 2010 to the nine months ended December 31, 2009 as the Company changed its fiscal year end to December 31 at December 31, 2009. Therefore, 2010 results reflect an inherently longer operating period and is a primary factor in increases in costs when comparing the two periods. Also in 2010, MiMedx emerged from being a development stage company into an operating company as we recorded our first significant revenue, as noted below.

### **Net Sales**

Net sales increased from \$800 in 2009 to \$789,000 in 2010. Product sales were \$544,000 comprised primarily of sales of our HydroFix™ Vaso Shield products in the U.S. and HydroFix™ Spine Shield products outside the U.S. Other revenue included \$245,000 for the Qualifying Therapeutic Discovery Project grant from the U.S. Government. Net sales were lower than plan due primarily to delays in regulatory clearances of products in both the HydroFix™ and CollaFix™ product platforms.

### **Cost of Product Sold**

Cost of products sold was \$1,720,000 representing the manufacturing of initial product sales and the costs associated with the ramp up of our manufacturing operations including the required quality assurance organization. As of December 31, 2010, we had 9 employees devoted to manufacturing and quality assurance activities. Personnel costs represent approximately 68.5% of total manufacturing and quality assurance spending. Idle facility expense, excessive spoilage, extra freight, and handling costs are included in cost of product sales and are not capitalized into inventories. Allocation of fixed production overheads is based on the normal capacity of production facilities. We anticipate spending in the area of manufacturing and quality assurance to increase in support of production rate increases.

### **Research and Development Expenses**

Research and development expenses during the year ended December 31, 2010, increased approximately \$163,000 to \$2,753,000 compared to \$2,590,000 for the nine months ended December 31, 2009. Our research and development expenses consist primarily of internal personnel costs, fees paid to external consultants, and supplies and instruments used in our laboratories. As of December 31, 2010, we employed 12 employees devoted to research and development, validation of our manufacturing processes, and the manufacturing of prototype devices. As of December 31, 2009, we had 28 employees devoted to these efforts. Personnel costs represent approximately 54.7% of total research and development expenses during the year ended December 31, 2010 as compared to 55.5% for the nine months ended December 31, 2009. Fees paid to external consultants and supplies and instruments used in our laboratories represent approximately 6.0% and 4.6% , respectively, of research and development expenses during the year ended December 31, 2010 as compared to 32.8% and 11.7% for the nine months ended December 31, 2009. Spending on animal studies increased 75.1% in support of our product release roadmap. We anticipate our spending in the area of research and development in the foreseeable future to continue at comparable current levels as we progress our technologies through additional testing and validation in order to obtain clearance or approval from the FDA to market our technologies.

### **Selling, General and Administrative Expenses**

Selling, General and Administrative expenses for the year ended December 31, 2010, increased approximately \$3,384,000 to \$6,848,000 compared to \$3,463,000 for the nine months ended December 31, 2009. Included in our selling general and administrative expenses for the nine months ended December 31, 2009, is a \$585,000 gain on settlement of accounts payable on expenses recorded in the prior fiscal year. Excluding the gain on settlement of payables our selling, general and administrative expenses increased \$2,778,000 compared to the nine months ended December 31, 2009. The increase in selling, general and administrative expenses includes an investment of \$1,061,000 in a global sales and distribution organization to support our growth objectives. The spending increase also includes \$690,000 in additional share based compensation expense as well as \$277,000 in increased depreciation and amortization expense. Selling, General and administrative expenses consist of personnel costs, professional fees, facilities costs and other administrative costs. During the year ended December 31, 2010, salaries and benefits, excluding stock-based compensation, totaled \$2,099,000 compared to \$1,325,000 for the nine months ended December 31, 2009. The increase primarily relates to the investment in sales and product management personnel whose responsibilities include building a global network of third party sales representatives and distributors as well as the management of our two product platforms. As of December 31, 2010, we employed 11 personnel in our selling, general and administrative organization as compared to 12 as of December 31, 2009.

During the year ended December 31, 2010, we recorded approximately \$444,000 in depreciation expense and approximately \$668,000 in amortization expense as compared to amounts approximating \$338,000 and \$497,000, respectively, for the nine months ended December 31, 2009. We depreciate our assets on a straight-line basis, principally over five to seven years and amortize our intangible assets over a period of ten years, which we believe represents the estimated useful lives of the patents underlying the licensing rights and intellectual property. We do not amortize goodwill but at least annually we test goodwill for impairment and periodically evaluate other intangibles for impairment based on events or changes in circumstances as they occur.

***Gain on Sale of Assets***

During the last three months of 2009, we sold our upper extremities technology, which we referred to as our Level Orthopedics development unit, in two separate transactions. In total we received cash proceeds of \$360,000 and a \$100,000 secured promissory note for these assets, and recognized a gain of approximately \$281,000. Additionally, we may receive up to \$630,000 in future royalty payments in conjunction with one of the transactions, but due to the contingent nature of the royalty payments we did not recognize these potential payments in calculating our gain on sale. As of December 31, 2010, we have not received any royalty payments related to this transaction. As of December 31, 2010 there is \$40,000 in notes receivable included on our balance sheet related to this transaction.

We anticipate spending in the area of general and administrative expenses in the foreseeable future to continue at comparable current levels.

***Other Income / (Expense)***

In 2010, we recorded \$288,000 of financing expense related to four (4) Hybrid Debt Instruments issued at various times in the fourth quarter of 2010. We also recorded approximately \$593,000 in interest expense related to the 3% Convertible Notes issued in 2009. (See Footnote 6 in the Notes to Consolidated Financial Statements).



### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

### **Liquidity and Capital Resources**

The Company emerged from being a development stage company in 2010. Planned principal operations have commenced, but the revenue has not been significant enough to fund ongoing operations. The Company's cash requirements for the twelve months ended December 31, 2010 arose out of general working capital needs. The Company funded its cash requirements primarily through a combination of debt and equity financings with a lesser amount derived from company revenue. As of December 31, 2010, the Company had approximately \$1,341,000 of cash and cash equivalents. Through March 15, 2011, the Company received an additional \$1,089,000 of proceeds related to sales of its common stock and warrants. On March 18, 2011, the Board approved an agreement between the Company and its CEO whereby the CEO will provide the Company with a line of credit of up to \$3.6 million to fund ongoing operating cash requirements. The Company believes that its anticipated cash from operations, existing cash and cash equivalents and the aforementioned line of credit will enable the Company to meet its operational liquidity needs for the next twelve months.

### **Inflation**

We do not believe that the rate of inflation has had a material effect on our operating results. However, inflation could adversely affect our future operating results.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The Company's business is anticipated to be directly dependent on foreign operations as the Company's sales to customers outside the U.S. become significant. A portion of the Company's total revenue are anticipated to be dependent on selling to distributors outside the U.S., some of which will be invoiced in foreign currencies, primarily the EURO. There is also risk related to the changes in foreign currency exchange rates as it relates to sales operating expenses paid in EUROS. We are currently considering taking affirmative steps to hedge the risk of fluctuations in foreign currency exchange rates as revenue continues to increase. We do not expect our financial position, results of operations or cash flows to be materially impacted due to a sudden change in foreign currency exchange rates fluctuations relative to the U.S. Dollar over the next six months.

Our exposure to market risk relates to our cash and investments.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than three months.



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**Item 8. Financial Statements and Supplementary Data**

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Report of Independent Registered Public Accounting Firm

Board of Directors

MiMedx Group, Inc.

We have audited the accompanying consolidated balance sheets of MiMedx Group, Inc. and subsidiaries as of December 2010 and 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2010, and for the nine months ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States of America). The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the consolidated financial position of MiMedx Group, Inc. and subsidiaries as of December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the year ended December 31, 2010 and for the nine months ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ Cherry, Bekaert & Holland, L.L.P

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia

March 31, 2011

MIMEDX GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2010	2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,340,922	\$ 2,653,537
Accounts receivable, net	162,376	—
Inventory	111,554	30,920
Prepaid expenses and other current assets	90,946	121,277
Total current assets	1,705,798	2,805,734
Property and equipment, net of accumulated depreciation of \$1,392,704 and \$948,445, respectively	756,956	1,049,597
Goodwill	857,597	857,597
Intangible assets, net of accumulated amortization of \$2,132,606 and \$1,464,674, respectively	3,929,394	4,597,326
Deferred financing costs	—	192,627
Deposits and other long term assets	102,500	189,202
Total assets	<u>\$ 7,352,245</u>	<u>\$ 9,692,083</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 848,285	\$ 629,349
Short-term convertible notes, plus accrued interest of \$3,432	403,432	—
Total current liabilities	1,251,717	629,349
Long-term convertible debt, face value \$3,472,000, less unamortized discount of \$550,748 and including accrued interest of \$69,604	—	2,990,856
Total liabilities	<u>1,251,717</u>	<u>3,620,205</u>
Commitments and contingency (Note 14)	—	—
Stockholders' equity:		
Preferred stock; \$.001 par value; 5,000,000 shares authorized and 0 shares issued and outstanding	—	—
Common stock; \$.001 par value; 100,000,000 shares authorized; 64,331,910 and 50,002,887 shares issued and outstanding, respectively	64,382	50,003
Additional paid-in capital	57,888,506	46,454,482
Treasury stock (50,000 shares at cost)	(25,000)	(25,000)
Accumulated deficit	(51,827,360)	(40,407,607)
Total stockholders' equity	<u>6,100,528</u>	<u>6,071,878</u>
Total liabilities and stockholders' equity	<u>\$ 7,352,245</u>	<u>\$ 9,692,083</u>

See notes to consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2010	Nine Months Ended December 31, 2009
<b>REVENUES:</b>		
Net sales	\$ 544,155	\$ 800
Grant Revenue	244,719	\$ —
Total revenue	<u>788,874</u>	<u>800</u>
<b>OPERATING COSTS AND EXPENSES:</b>		
Cost of products sold	1,720,063	240
Research and development expenses	2,753,331	2,590,227
Selling, General and Administrative expenses	6,848,135	3,463,303
Gain on sale of assets	—	<u>(280,868)</u>
LOSS FROM OPERATIONS	(10,532,655)	(5,772,102)
<b>OTHER INCOME (EXPENSE)</b>		
Financing expense associated with issuance of common stock for registration rights waivers	—	(1,305,100)
Financing expense associated with warrants issued in connection with convertible promissory note	(287,449)	(975,833)
Interest (expense) income, net	<u>(599,649)</u>	<u>(242,634)</u>
LOSS BEFORE INCOME TAXES	(11,419,753)	(8,295,669)
Income taxes	—	—
NET LOSS	<u>(11,419,753)</u>	<u>(8,295,669)</u>
Net loss per common share		
Basic and diluted	\$ <u>(0.19)</u>	\$ <u>(0.20)</u>
Shares used in computing net loss per common share		
Basic and diluted	<u>59,138,357</u>	<u>41,365,513</u>

See notes to consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2010	Nine Months Ended December 31, 2009
<b>Cash flows from operating activities:</b>		
Net loss	\$ (11,419,753)	\$ (8,295,669)
Adjustments to reconcile net loss to net cash flows from operating activities, net of effects of acquisition:		
Gain on settlement of payables	—	(584,969)
(Gain)/loss on sale of assets	—	(280,868)
Depreciation	444,259	337,909
Amortization of intangible assets	667,932	497,211
Amortization of debt discount and deferred financing costs	599,001	169,739
Employee share-based compensation expense	996,307	363,457
Other share-based compensation expense	174,354	117,689
Financing expense associated with issuance of common stock for waivers of registration rights	—	1,305,100
Financing expense associated with warrants issued in connection with convertible promissory note	287,448	975,833
Modifications of options and purchase of treasury stock	—	48,000
Increase (decrease) in cash resulting from changes in:		
Accounts receivable, net	(162,376)	—
Inventory	(80,634)	(30,920)
Prepaid expenses and other current assets	30,331	21,676
Other assets	86,702	—
Accounts payable and accrued expenses	218,936	(240,468)
Net cash flows from operating activities	<u>(8,157,494)</u>	<u>(5,596,280)</u>
<b>Cash flows from investing activities:</b>		
Purchase of equipment	(151,617)	(11,610)
Proceeds from sale of assets	—	360,250
Cash paid in conjunction with sales of assets	—	(86,332)
Net cash flows from investing activities	<u>(151,617)</u>	<u>262,308</u>
<b>Cash flows from financing activities:</b>		
Proceeds from convertible debt offering	—	3,472,000
Proceeds from bridge loan	500,000	—
Proceeds from convertible promissory note	—	500,000
Repayment of convertible promissory note	—	(500,000)
Proceeds from sale of common stock and warrants and common stock with registration rights, net	3,122,020	4,618,719
Proceeds from exercise of stock options	155,126	2
Net proceeds from exercise of warrants	3,219,349	—
Offering costs paid in connection with convertible debt offering	—	(138,040)
Net cash flows from financing activities	<u>6,996,495</u>	<u>7,952,681</u>
Net change in cash	(1,312,615)	2,618,709
Cash, beginning of period	2,653,537	34,828
Cash, end of period	<u>\$ 1,340,922</u>	<u>\$ 2,653,537</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 8,330	\$ 4,745
Cash paid for income taxes	\$ —	\$ —

**Supplemental disclosure of non-cash financing activity:**

**During the year ended December 31, 2010:**

- \* the Company issued 500,000 warrants in conjunction with the issuance of Hybrid Debt instruments valued at \$141,974.
- \* the Company recognized a beneficial conversion feature valued at \$145,474 related to the Hybrid Debt instruments.
- \* the Company recognized the amortization of debt discount and deferred financing costs related to the conversion of convertible debt in the amount of \$599,001.

**During the nine months ended December 31, 2009:**

- \* the Company recognized amortization of a debt discount and deferred interest of \$169,739 in conjunction with our convertible debt offering.

- \* the Company issued 315,520 warrants to purchase common stock, valued at \$98,574
- \* the Company issued 100,000 shares valued at \$42,000 for costs associated with its private placement sale of common stock and warrants, 162,750 shares valued at \$81,375 for accrued directors fees, and 187,644 shares valued at \$93,822 for accrued executive compensation.
- \* the Company reclassified 1,905,000 shares with registration rights valued at \$3,761,250 to equity as the result of the termination of such rights, and issued 2,490,000 shares valued at \$1,305,100 as settlement of the waived rights (Note7).
- \* the Company issued 100,000 shares of common stock valued at \$71,000 for intellectual property upon achieving certain milestones (Note 5).
- \* the Company issued 975,833 warrants valued at \$975,833 in conjunction with a convertible promissory note.
- \* the Company received a \$100,000 3% Secured Promissory Note in conjunction with its sale of intellectual property (Note 5)

See notes to consolidated financial statements

MIMEDX GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total
	Shares	Amount				
Balances, March 31, 2009	37,339,628	37,340	34,230,824	—	(32,111,938)	2,156,226
Employee share-based compensation expense	—	—	363,457	—	—	363,457
Other share-based compensation expense	—	—	117,689	—	—	117,689
Beneficial conversion feature recognized on convertible debt	—	—	676,500	—	—	676,500
Warrants issued to placement agents in conjunction with convertible debt	—	—	98,574	—	—	98,574
Exercise of stock options	20,000	20	(18)	—	—	2
Common stock issued for waivers of registration rights	2,490,000	2,490	1,302,610	—	—	1,305,100
Reclassification of common stock with registration rights	1,905,000	1,905	3,759,345	—	—	3,761,250
Common stock issued for accrued directors fees	162,750	163	81,212	—	—	81,375
Common stock issued for accrued executive compensation	187,644	187	93,635	—	—	93,822
Common Stock issued in connection with purchase of license agreement	100,000	100	70,900	—	—	71,000
Sale of common stock and warrants (net of \$42,000 of offering costs)	7,697,865	7,698	4,569,021	—	—	4,576,719
Common stock issued for services in conjunction with private placement	100,000	100	41,900	—	—	42,000
Warrants issued in conjunction with convertible promissory note	—	—	975,833	—	—	975,833
Modification of stock options and purchase of treasury stock	—	—	73,000	(25,000)	—	48,000
Net loss for the period	—	—	—	—	(8,295,669)	(8,295,669)
Balances, December 31, 2009	50,002,887	\$ 50,003	\$46,454,482	\$ (25,000)	\$(40,407,607)	\$ 6,071,878
Employee share-based compensation expense	—	—	996,307	—	—	996,307
Other share-based compensation expense	—	—	174,354	—	—	174,354
Beneficial conversion feature recognized on convertible debt	—	—	287,448	—	—	287,448
Sale of common stock and warrants (net of \$67,980 of offering costs)	3,713,433	3,713	3,118,307	—	—	3,122,020
Exercise of stock options	210,250	211	154,915	—	—	155,126
Exercise of warrants	3,219,348	3,219	3,216,130	—	—	3,219,349
Shares issued in conjunction with conversion of convertible debt	7,235,992	7,236	3,486,563	—	—	3,493,799
Net loss for the year	—	—	—	—	(11,419,753)	(11,419,753)
Balances, December 31, 2010	<u>64,381,910</u>	<u>\$ 64,382</u>	<u>\$57,888,506</u>	<u>\$ (25,000)</u>	<u>\$(51,827,360)</u>	<u>\$ 6,100,528</u>

See notes to consolidated financial statements



MIMEDX GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

**1. Formation and nature of business:**

*Nature of business:*

Prior to the fiscal year ended December 31, 2010 MiMedx was considered a Development Stage Enterprise.

MiMedx, Inc. ("MiMedx") was incorporated in Florida in 2006. MiMedx entered into and consummated an Agreement and Plan of Merger ("Merger Agreement") with a publicly-traded Nevada Corporation, Alynx, Co. ("Alynx"), a public shell company, on February 8, 2008. As a result of this transaction, MiMedx shareholders owned approximately 97% of the outstanding shares, thus giving MiMedx substantial control.

Under U.S. generally accepted accounting principles ("GAAP"), MiMedx was deemed to be the accounting acquirer since the shareholders of MiMedx own a substantial majority of the issued and outstanding shares, and thus this reverse merger was accounted for as a capital transaction. The historical financial statements are a continuation of financial statements of the accounting acquirer and the capital structure of the consolidated enterprise is now different from that appearing in the historical financial statements of the accounting acquirer in earlier periods due to the recapitalization.

On March 31, 2008, MiMedx Group, Inc., a Florida Corporation, and Alynx merged. As a result of this transaction, MiMedx Group, Inc. became the surviving corporation. The "Company" refers to MiMedx Group, Inc. which is comprised of its two operating subsidiaries: MiMedx and SpineMedica, LLC.

MiMedx acquired a license for the use, adoption and development of certain core technologies developed at the Shriners Hospital for Children and the University of South Florida Research Foundation. This technology focuses on biomaterials for soft tissue repair, such as tendons, ligaments and cartilage, as well as other biomaterial-based products for numerous other medical applications. The development of the licensed technologies requires continued research and development and, ultimately, the approval of the U.S. Food and Drug Administration ("FDA") and/or foreign regulatory authorities in order for the Company to be able to generate revenue from the sale of its products. This process is expected to take at least six months to one year, and there can be no assurance that the Company will be successful in its efforts to commercialize the licensed technology.

On July 23, 2007, MiMedx acquired SpineMedica Corp. through its wholly-owned subsidiary, SpineMedica, LLC ("SpineMedica"). SpineMedica Corp. was incorporated in the State of Florida on June 9, 2005 and its successor SpineMedica, LLC was incorporated in the State of Florida on June 27, 2007. SpineMedica has licensed the right to use Salubria®, or similar poly-vinyl alcohol ("PVA") -based biomaterials for certain applications within the body. SpineMedica also owns certain assets (equipment) for the production of products based on a PVA-based hydrogel, which is a water-based biomaterial that can be manufactured with a wide range of mechanical properties, including those that appear to closely mimic the mechanical and physical properties of natural, healthy human tissue.

The Company operates in one business segment, Biomaterials, which includes the design, manufacture, and marketing of products for the Orthopedics and Spine market categories.

## 2. Significant accounting policies:

### *Fiscal year:*

The current fiscal year is for the twelve months ended December 31, 2010. The prior year reported financials were for the nine months ended December 31, 2009 due to a change in fiscal year from March to December in 2009. The result of this change is that our reporting period for the current fiscal year is compared to the nine months ended December 31, 2009. The comparable amounts for the twelve months ended December 31, 2010 and 2009 (unaudited), respectively, are as follows:

	<u>Year ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Revenues	\$ 788,874	\$ 800
Loss from operations	(10,532,658)	(9,229,749)
Loss before income tax	(11,419,756)	(11,167,653)
Income tax	—	—
Net loss	<u>(11,419,756)</u>	<u>(11,167,653)</u>
Net loss per common share	\$ (0.19)	\$ (0.28)

### *Use of estimates:*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Principles of consolidation:*

The financial statements include the accounts of MiMedx Group, Inc. and its wholly-owned subsidiaries MiMedx and, SpineMedica. All significant inter-company balances and transactions have been eliminated.

### *Concentrations of credit risk:*

The Company places its cash and cash equivalents on deposit with financial institutions in the United States. In October and November 2008 the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. During the year, the Company from time to time may have had amounts on deposit in excess of the insured limits. As of December 31, 2010, the Company had cash and cash equivalents of approximately \$1,341,000 which exceeds these insured amounts.

### *Cash and cash equivalents:*

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

### *Accounts Receivable*

Accounts receivable represent amounts due from customers for which revenue has been recognized. Generally, the Company does not require collateral or any other security to support its receivables.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing receivables. The Company determines the allowance based on factors such as historical collection experience, customer's current creditworthiness, customer concentration, age of accounts receivable balance and general economic conditions that may affect the customer's ability to pay. As of December 31, 2010, the Company has \$21,600 in the allowance for doubtful accounts. Actual customer collections could differ from estimates.

*Inventories:*

Inventories at December 31, 2010 are valued at the lower of actual cost or market, using the first-in, first-out (FIFO) method. Work in process is calculated by estimating the number of units that will be successfully converted to finished goods, based upon a build-up in the stage of completion using estimated labor inputs for each stage and historical yields reduced by estimated usage for quality control testing. Idle facility expense, excessive spoilage, extra freight, and handling costs are expensed, as necessary, in cost of sales and are not capitalized into inventories. Allocation of fixed production overheads is based on the normal capacity of production facilities.

*Goodwill and intangible assets:*

Goodwill is tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Intangible assets with finite useful lives are amortized using the straight-line method over a period of 10 years, the estimated term of the patents underlying the licensing rights and intellectual property. The estimated remaining useful life of the assets is approximately seven more years.

*Property and equipment:*

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, principally five to seven years. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful lives or the life of the lease.

*Impairment of long-lived assets:*

The Company evaluates the recoverability of its long-lived assets (finite lived intangible assets and property and equipment) whenever adverse events or changes in business climate indicate that the expected undiscounted future cash flows from the related assets may be less than previously anticipated. If the net book value of the related assets exceeds the expected undiscounted future cash flows of the assets, the carrying amount would be reduced to the present value of their expected future cash flows and an impairment loss would be recognized. There has been no impairment losses in the periods presented.

*Revenue Recognition:*

The Company sells its products primarily through a combination of independent stocking distributors and representatives in the U.S. and independent distributors in international markets. The Company recognizes revenue when title to the goods and risk of loss transfers to customers, provided there are no material remaining performance obligations required of the Company or any matters of customer acceptance. In cases where the Company utilized distributors or ships product directly to the end user, it recognizes revenue upon shipment provided all revenue recognition criteria have been met. A portion of the Company's revenue is generated from inventory maintained at hospitals or with field representatives. For these products, revenue is recognized at the time the product has been used or implanted. The Company records estimated sales returns, discounts and allowances as a reduction of net sales in the same period revenue is recognized.

*Research and development costs:*

Research and development costs consist of direct and indirect costs associated with the development of the Company's technologies. These costs are expensed as incurred.

*Income taxes:*

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that included the enactment date. Valuation allowances are recorded for deferred tax assets when the recoverability of such assets is not deemed more likely than not.

*Share-based compensation:*

The Company follows the provisions of ASC topic 718 "Compensation — Stock compensation" which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (options and warrants). All awards are amortized on a straight-line basis over their vesting terms into Selling, General and Administrative Expenses in the consolidated Statements of Operations.

*Fair value of financial instruments:*

The carrying value of accounts payable and accrued expenses approximate their fair value due to the short-term nature of these liabilities. The fair value of our short term convertible debt approximates \$403,000 which represents the face value and accrued but unpaid interest at December 31, 2010.

*Net loss per share*

Basic net loss per common share is computed using the weighted-average number of common shares outstanding during the period.

For all periods presented, diluted net loss per share is the same as basic net loss per share, as the inclusion of equivalent shares from outstanding common stock options, warrants, convertible debt and preferred stock would be anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share for the fiscal year ended December 31, 2010 and the nine months ended December 31, 2009:

	Year ended December 31, 2010	Nine Months ended December 31, 2009
Net loss	\$ (11,419,753)	\$ (8,295,669)
Denominator for basic earnings per share — weighted average shares	59,138,357	41,365,513
Effect of dilutive securities: Stock options and warrants outstanding (a)	<u>—</u>	<u>—</u>
Denominator for diluted earnings per share — weighted average shares adjusted for dilutive securities	<u>59,138,357</u>	<u>41,365,513</u>
Loss per common share — basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.20)</u>

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- (a) Securities outstanding that were excluded from the computation, prior to the use of the treasury stock method, because they would have been anti-dilutive are as follows:

	Year ended December 31, <b>2010</b>	Nine Months ended December 31, <b>2009</b>
Outstanding Stock Options	8,257,650	6,182,500
Outstanding Warrants	6,003,924	6,991,371
Convertible Debt	<u>403,432</u>	<u>6,944,000</u>
	<u>14,661,574</u>	<u>20,117,871</u>

### *Recently issued accounting pronouncements:*

In June 2009, the FASB issued Accounting Standards Update No. 2009-01 ("ASU 2009-01"), which establishes the FASB Accounting Standards Codification™ as the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Company adopted ASU 2009-01 during the three months ended September 30, 2009, and its adoption did not have any impact on the Company's consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 ("ASU 2009-05"), which clarified how to measure the fair value of liabilities in circumstances when a quoted price in an active market for the identical liability is not available. ASU 2009-05 is effective for the first reporting period beginning after the issuance of this standard. The Company adopted ASU 2009-05, and its adoption did not have an impact on its consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13 ("ASU 2009-13"), which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified beginning in fiscal years on or after June 15, 2010. Early adoption is permitted. The Company does not expect the adoption of this standard to have any effect on its financial statements until or unless it enters into agreements covered by this standard.

In January 2010, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2010-06 to Topic 820 — *Fair Value measurements and Disclosures*. This update provided requirements of new disclosures of significant transfers and also clarified existing disclosures around the level of disaggregation of each class of assets and liabilities, and about fair value inputs and valuation techniques. This updates was effective for interim and annual reporting periods beginning after December 15, 2009. Adoption of this update did not have a material impact on our financial statements.

In February 2010, the FAST issued ASU 2010-09 to Topic 855 — *Subsequent Events*, to amend certain recognition and disclosure requirements related to subsequent events. The new guidance clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued. Management must perform its assessment for both interim and annual financial reporting periods. This update also exempts SEC filers from disclosing the date through which subsequent events have been evaluated. Adoption of this update did not have a material impact on our financial statements.

### **Recently Issued Accounting Pronouncements Not Yet Adopted**

In December 2010, the FASB issued ASU 2010-28 to Topic 350 — *Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. The amendments to the Codification in this update modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. Goodwill of a reporting unit is required to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This update is effective starting in the first quarter of 2011 with early adoption not permitted. Adoption of this update is not expected to have a material impact on our financial statements.

In December 2010, the FASB issued ASU 2010-29 to Topic 805 — *Business Combinations: Disclosure of Supplementary Pro Forma Information for Business Combinations*. The amendments to the Codification in this ASU apply to any public entity that enters into business combination that are material on an individual or aggregate basis and specify that the entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The update is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning in January 2011 with early adoption permitted. We plan to adopt this update for all acquisitions completed beginning in 2011 and provide the appropriate disclosures.

### 3. Liquidity and management's plans:

The Company emerged from being a development stage company in 2010. Planned principal operations have commenced, but the revenue has not been significant enough to fund ongoing operations. The Company's cash requirements for the twelve months ended December 31, 2010 arose out of general working capital needs. The Company funded its cash requirements primarily through a combination of debt and equity financings with a lesser amount derived from company revenue. As of December 31, 2010, the Company had approximately \$1,341,000 of cash and cash equivalents. Through March 15, 2011, the Company received an additional \$1,089,000 of proceeds related to sales of its common stock and warrants. On March 18, 2011, the Board approved an agreement between the Company and its CEO whereby the CEO will provide the Company with a line of credit of up to \$3.6 million to fund ongoing operating cash requirements. The Company believes that its anticipated cash from operations, existing cash and cash equivalents and the aforementioned line of credit will enable the Company to meet its operational liquidity needs for the next twelve months.

### 4. Property and equipment:

Property and equipment consist of the following at:

	December 31,	
	2010	2009
Leasehold improvements	\$ 793,900	\$ 793,899
Furniture and equipment	1,355,760	1,204,143
	<u>2,149,660</u>	<u>1,998,042</u>
Less accumulated depreciation	(1,392,704)	(948,445)
	<u>\$ 756,956</u>	<u>\$ 1,049,597</u>

**5. Intangible assets and royalty agreement:**

Intangible assets activity is summarized as follows:

	Weighted Average Amortization Lives	December 31, 2010			December 31, 2009		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
License-Shriners Hsp for Children & USF Research	10 years	\$ 996,000	(388,433)	607,567	\$ 996,000	\$ (288,833)	\$ 707,167
License — SaluMedica LLC Spine Repair	10 years	2,399,000	(1,017,557)	1,381,443	2,399,000	(721,541)	1,677,459
License — Polyvinyl AlcoholCryogel	10 years	<u>2,667,000</u>	<u>(726,616)</u>	<u>1,940,384</u>	<u>2,667,000</u>	<u>(454,300)</u>	<u>2,212,700</u>
Total intangible assets		<u>\$6,062,000</u>	<u>\$ (2,132,606)</u>	<u>\$3,929,394</u>	<u>\$6,062,000</u>	<u>\$ (1,464,674)</u>	<u>\$4,597,326</u>

- (a) On January 29, 2007, the Company acquired a license from Shriners' Hospitals for Children and University of South Florida Research Foundation, Inc. which is further discussed in Note 1. The acquisition price of this license was a one-time fee of \$100,000 and 1,120,000 shares of common stock valued at \$896,000 (based upon the estimated fair value of the common stock on the transaction date). Within thirty days after the receipt by the Company of approval by the FDA allowing the sale of the first licensed product, the Company is required to pay an additional \$200,000 to the licensor. This amount is not recorded as a liability as of December 31, 2009 or 2010, based on its contingent nature. The Company will also be required to pay a royalty of 3% on all commercial sales revenue of the licensed products.
- (b) License from SaluMedica, LLC (SaluMedica) for the use of certain developed technologies related to spine repair. This license was acquired through the acquisition of SpineMedica Corp.
- (c) On March 31, 2008, the Company entered into a license agreement for the use of certain developed technologies related to surgical sheets made of polyvinyl alcohol cryogel. The acquisition price of the asset was 400,000 shares of common stock valued at \$2,596,000 (based upon the closing price of the common stock on the transaction date). The agreement also provides for the issuance of an additional 600,000 shares upon the Company meeting certain milestones related to future sales. On December 31, 2009 the Company completed the sale of its first commercial product and met its first milestone under this agreement. As a result the Company issued 100,000 shares of common stock to the licensor valued at \$71,000. At December 31, 2009 or 2010, there are no additional amounts accrued for this obligation due to its contingent nature.

Expected future amortization of intangible assets is as follows:

<b>12-month period ended December 31,</b>	
2011	\$ 667,932
2012	667,932
2013	667,932
2014	667,932
2015	561,694
Thereafter	<u>695,971</u>
	<u>\$ 3,929,394</u>

**6. Debt:**

*3% Convertible Senior Secured Promissory Notes:*

In April 2009, the Company commenced a private placement to sell 3% Convertible Senior Secured Promissory Notes (the "Senior Notes") to accredited investors. The Company completed the offering on June 17, 2009, and received aggregate proceeds of \$3,472,000, representing the face value of the Senior Notes. The aggregate proceeds include \$250,000 of Senior Notes sold to the Chairman of the Board, President and CEO, and \$150,000 of Senior Notes sold to one other director.



In total, the Senior Notes are convertible into up to 6,944,000 shares of the Company's common stock at \$.50 per share (a) at any time upon the election of the holder of the Senior Notes; (b) automatically immediately prior to the closing of the sale of all or substantially all of the assets or more than 50% of the equity securities of the Company by way of a merger transaction or otherwise which would yield a price per share of not less than \$.50; or (c) at the election of the Company, at such time as the closing price per share of the Company's common stock (as reported by the OTCBB or on any national securities exchange on which the Company's shares may be listed) is not less than \$1.50 for at least 20 consecutive trading days in any period prior to the maturity date. If converted, the common stock will be available to be sold following satisfaction of the applicable conditions set forth in Rule 144. The Senior Notes mature in three years and earn interest at 3% per annum on the outstanding principal amount payable in cash on the maturity date or convertible into shares of common stock of the Company as provided for above. The Senior Notes are secured by a first priority lien on all of the assets, including intellectual property, of MiMedx, Inc., excluding, however, the membership interests in SpineMedica, LLC. The Senior Notes are junior in payment and lien priority to any bank debt of the Company in an amount not to exceed \$5,000,000 subsequently incurred by the Company.

The Company has evaluated the Senior Notes for accounting purposes under Generally Accepted Accounting Principles ("GAAP") and has determined that the conversion feature meets the conventional-convertible exemption and, accordingly, bifurcation and fair-value measurement of the conversion feature is not required. We are required to re-evaluate this conclusion upon each financial statement closing date while the Senior Notes are outstanding. Notwithstanding, the Senior Notes were issued with a beneficial conversion feature, having an intrinsic value of approximately \$676,500. The intrinsic value of the beneficial conversion feature was determined by comparing the contracted conversion price to the fair value of the common stock on the date of the respective Senior Notes. A beneficial conversion feature only exists when the embedded conversion feature is "in-the-money" at the commitment date.

As a result of the beneficial conversion feature, the Senior Notes were recorded net of a discount of \$676,500 related to the beneficial conversion feature, which is recorded in paid-in capital, and the discount will be amortized through periodic charges to interest expense over the term of the Senior Notes using the effective interest method.

In conjunction with the offering, the Company incurred a placement fee of \$138,040 and issued 315,520 common stock warrants to the placement agents at an exercise price of \$.50 per share. The warrants expire in five years. The fair value of the warrants was determined to be \$98,574 using the Black-Scholes-Merton valuation technique. The total direct costs of \$236,614 are recorded as deferred financing costs and are being amortized over the term of the Senior Notes using the effective interest method. Further, the placement agent warrants are classified in stockholders' equity because they achieved all of the requisite conditions for equity classification in accordance with GAAP.

On March 31, 2010, the Company elected to exercise its right to convert the outstanding Note Payable amount, including accrued interest, of \$3,532,361 into common stock of the Company at a conversion price of \$0.50 per share, resulting in the issuance of 7,064,721 shares of common stock. This decision was made based upon the "Trading Value Conversion" event per the terms of the Note whereby as of March 30, 2010, the trading price of the Common Stock closed at not less than \$1.50 per share for not less than 20 consecutive trading days prior to the Maturity Date. Prior to this event, certain individuals had voluntarily elected to convert their Notes, valued at \$35,000 with accrued interest of \$196 into Common Stock resulting in the issuance of 70,393 shares of common stock. As a result of the Company's election to convert the remaining Notes, the Company was required immediately to recognize the remaining unamortized discount of \$499,610 related to the beneficial conversion feature as interest expense in the statement of operations for the three months ended March 31, 2010. Additionally, the \$174,739 in unamortized deferred financing costs were charged against additional paid in capital.

#### *Hybrid Debt Instrument*

In October 2010, the Company and its Chairman of the Board and CEO as well as two other company directors entered into a Subscription Agreement for a 5% Convertible Promissory Note ("Subscription Agreement") and, in connection therewith, issued a 5% Convertible Promissory Note ("Note") and a Warrant to Purchase Common Stock ("Warrant"), which expires in three years.

Under the terms of the Subscription Agreement, the Chairman & CEO has agreed to advance the Company \$400,000, comprised of a \$150,000 Note dated October 20, 2010 and a \$250,000 Note dated November 4, 2010, and the two company directors have agreed to advance \$50,000 each to fund its working capital needs. Such indebtedness is evidenced by the Note, which bears interest at the rate of 5% per annum, is due and payable in full on December 31, 2010, and, at the option of the holder, is convertible into the number of shares of common stock of the Company equal to the quotient of (a) the outstanding principal amount and accrued interest of the Note as of the date of such election, divided by (b) the selling price per share, if any, of the Company's common stock pursuant to a private placement approved by the Corporation's Board of Directors on September 10, 2010, or, if there are no such sales, \$1.00 per share (the "Conversion Price"). In connection with the Subscription Agreement and the Note, the Company issued one Warrant for the number of shares of common stock of the Company by dividing the aggregate amount of the advances by the Conversion Price resulting in 500,000 warrants being issued. The exercise price of the Warrant is the Conversion Price.

The issuance of the aforementioned securities was not registered in reliance on Section 4(2) of the Securities Act of 1933, as amended.

According to GAAP, proceeds from the sale of debt instruments with stock purchase warrants (detachable call options) shall be allocated to the two elements based upon the relative fair values of the debt instrument without the warrants and of the warrants themselves at the time of issuance. The portion of the proceeds so allocated to the warrants shall be accounted for as paid-in capital. The remainder of the proceeds shall be allocated to the debt instrument portion of the transaction. Also, the embedded beneficial conversion feature present in the convertible instrument shall be recognized separately at issuance by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. The amount of the warrants and beneficial conversion feature totaled \$287,449 which has been recorded as a debt discount that will be charged to interest expense over the life of the convertible note.

The fair value of the Warrant was determined based upon the Black-Scholes-Merton pricing model using the following underlying assumptions:

Term	<u>October 20</u> 3 Years	<u>October 21</u> 3 Years	<u>November 4</u> 3 Years
Volatility	58.75%	58.77%	58.31%
Interest Rate	1.11%	1.15%	1.04%

As of December 31, 2010 the holders of the two (2) notes with an initial face value of \$50,000 each exercised the conversion option. The holder of the other two (2) notes agreed to extend the term of the notes until February 28, 2011, at which time the holder exercised the conversion option.

## 7. Common Stock Placements:

### *February 2009 Private Placement*

In February 2009, the Company commenced a private placement of up to 15,000,000 shares of common stock at \$1.00 per share. In February and March 2009 the Company sold 525,000 shares of common stock for total proceeds of \$525,000.

The Company entered into a Registration Rights Agreement with respect to the new shares that requires the Company to among other things, (i) file a Registration Statement within 90 days from the closing of the November 2008 Private Placement; and (ii) make required filings under the Securities Act of 1933 and the Securities and Exchange Act of 1934. It also provides for (i) achieving and maintaining effectiveness of the registration statement; and (ii) listing the shares on any exchange on which the Company's shares are then listed and maintain the listing; each on a best-efforts basis. The Registration Rights Agreement does not provide for an alternative or contain a penalty in the event the Company is unable to fulfill its requirements. As a result of the obligation to file a Registration Statement within a specified period, which is presumed not to be within the Company's control, the Company was required to classify the common stock outside of stockholders' equity as common stock with registration rights. The Company recorded the stock at its per share selling price, which exceeded the then per share trading price of the Company's common stock.

On June 4, 2009, the Company's Board of Directors agreed to issue additional shares of its common stock to investors who had purchased shares of its common stock in conjunction with the September 2008 Private Placement, the November 2008 Private Placement and the February 2009 Private Placement in order to bring the cost of the acquired shares to \$.50 per share. The Board approved the issuance of the additional shares to be fair to the investors who had invested in the Company when it was most in need of funding and to enable the Company's future fundraising efforts. The issuance was approved by all of the disinterested members of the Board of Directors. As a condition to the receipt of the additional shares, the investors were required to waive registration rights otherwise available with respect to the shares issued in the private placements. The Company issued 2,490,000 additional shares as a result of this action and recorded additional expense of \$1,305,100, based on the fair value of the Company's stock price on the date each respective waiver was executed. As a result of the waiver of registration rights, the common stock with registration rights was reclassified into stockholders' equity during the nine months ended December 31, 2009.

*October 2009 Private Placement*

In October 2009, the Company commenced a private placement to sell common stock and warrants. From October 30, 2009, through December 31, 2009, the Company sold 7,697,865 shares of common stock at a price of \$.60 per share and received proceeds of \$4,618,720. Under the terms of the offering, for every two shares of common stock purchased, the investor received a 5-year warrant to purchase one share of common stock for \$1.50 (a "Warrant"). Through December 31, 2009, the Company issued a total of 3,848,933 warrants. The warrants met all the requirements for equity classification under GAAP and are recorded in stockholders' equity.

From January 1, 2010, through January 21, 2010, the Company sold an additional 1,308,332 shares of common stock and issued an additional 654,163 warrants and received proceeds of \$785,000.

The Company closed the offering on January 21, 2010.

In connection with the October 2009 Private Placement, the Company entered into a registration rights agreement which provides "Piggy-Back" registration rights to each investor.

## October 2010 Private Placement

In October 2010, the Company commenced a private placement to sell common stock and warrants. From October 30, 2010, through December 31, 2010, the Company sold 2,405,000 shares of common stock at a price of \$1.00 per share and received proceeds of \$2,337,020 net of \$67,980 in offering costs. Under the terms of the offering, the investor received 5-year warrants to purchase the common stock of the Company. The terms of the warrant, (the "Callable Warrant") are that for every two shares of common stock purchased, the holder is issued a 5-year warrant to purchase one share of the Company's Common Stock at an exercise price of \$1.50 per share. The Callable Warrant does not carry registration rights and is callable by the Company at any time after the issuance if the closing sale price of the Stock exceeds \$1.75 for fifteen (15) or more consecutive trading days. Upon written notice, the Company may redeem the Callable Warrant at a price of \$0.01 per share.

The contingent warrants have been issued to each investor and will become exercisable provided certain conditions are met. The First Contingent Warrant, (the "First Contingent Warrant") is issued to each investor to purchase 25% of the number of shares of Stock purchased, at an exercise price of \$0.01 per share, provided that the First Contingent Warrant shall only be exercisable if the Company's Gross Revenue as reported in the Company's Audited Financial Statements for the year ended December 31, 2011, do not equal or exceed \$11,500,000 and further provided that such Warrant shall be null and void in the event that prior to issuance of such Audited Financial Statements (the "First Measurement Date") the closing trading price of the Stock is at least \$1.50 per share for ten or more consecutive trading days.

The Second Contingent Warrant, (the "Second Contingent Warrant") is issued to each investor to purchase 25% of the number of shares of Stock purchased, at an exercise price of \$0.01 per share, provided that the Second Contingent Warrant shall only be exercisable if the Company's Gross Revenue as reported in the Company's Audited Financial Statements for the year ended December 31, 2012, do not equal or exceed \$31,150,000 and further provided that such Warrant shall be null and void in the event that prior to issuance of such Audited Financial Statements (the "Second Measurement Date") the closing trading price of the Stock is at least \$1.75 per share for ten or more consecutive trading days.

The contingent warrants have not been included in our earnings per share calculation per the guidance in ASC 260-10-45-13 *Earnings per share: Treatment of Contingently Issuable Shares in Weighted-Average Shares Outstanding* which states that shares issuable for little or no cash consideration upon the satisfaction of certain conditions (contingently issuable shares) shall be considered outstanding common shares and included in the computation of basic EPS as of the date that all necessary conditions have been satisfied (in essence, when issuance of the shares is no longer contingent).

Through December 31, 2010, the Company issued a total of 2,405,000 warrants. From January 1, 2011, through March 18, 2011, the Company sold an additional 1,088,775 shares of common stock and issued an additional 1,212,775 warrants and received proceeds of \$1,088,775. The warrants met all the requirements for equity classification under GAAP and are recorded in stockholders' equity.

In connection with the October 2010 Private Placement, the Company entered into a registration rights agreement that provides "Piggy-Back" registration rights to each investor.

## 8. Stockholders' equity:

### *Stock incentive plan:*

The Company has three share-based compensation plans, the MiMedx Group, Inc. Assumed 2006 Stock Incentive Plan (the "2006 Plan"), the MiMedx Inc. 2007 Assumed Stock Plan (the "Assumed 2007 Plan") and the MiMedx Group Inc. Amended and Restated Assumed 2005 Stock Plan (the "Assumed 2005 Plan") which provide for the granting of qualified incentive and non-qualified stock options, stock appreciation awards and restricted stock awards to employees, directors, consultants and advisors. The awards are subject to a vesting schedule as set forth in each individual agreement. The Company intends to use only the 2006 Plan to make future grants. The number of assumed options under the Assumed 2005 Plan and Assumed 2007 Plan outstanding at December 31, 2010 totaled 936,250 and the maximum number of shares of common stock which can be issued under the 2006 Plan is 8,500,000 at December 31, 2010.

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Activity with respect to the stock options is summarized as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at March 31, 2009	4,301,250	\$ 1.60		
Granted	2,312,500	\$ 0.60		
Exercised	(20,000)	\$ 0.0001		
Forfeited or cancelled	(411,250)	\$ 3.68		
Outstanding at December 31, 2009	<u>6,182,500</u>	<u>\$ 1.10</u>	<u>6.0</u>	<u>\$ 307,535</u>
Vested or expected to vest at December 31, 2009	3,662,082	\$ 1.35		
Outstanding at January 1, 2010	6,182,500	\$ 1.10		
Granted	2,385,400	\$ 1.40		
Exercised	(210,250)	\$ 0.74		
Forfeited or cancelled	(100,000)	\$ 0.88		
Outstanding at December 31, 2010	<u>8,257,650</u>	<u>\$ 1.20</u>	<u>6.3</u>	<u>\$ 2,833,198</u>
Vested or expected to vest at December 31, 2010	5,577,863	\$ 1.22	5.3	\$ 2,015,963

The intrinsic value of options exercised during the year ended December 31, 2010 was approximately \$93,713.

Following is a summary of stock options outstanding and exercisable at December 31, 2010:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number outstanding	Weighted- Average Remaining Contractual Term (in years)	Weighted- Average Exercise Price	Number Exercisable	Weighted- Average Exercise Price
\$0.0001 – \$0.50	903,500	3.7	\$ 0.49	562,306	\$ 0.48
\$0.65 – \$1.00	3,472,500	6.3	\$ 0.80	2,824,148	\$ 0.82
\$1.04 – \$1.80	3,131,650	8.1	\$ 1.55	1,441,409	\$ 1.69
\$2.40	750,000	1.8	\$ 2.40	750,000	\$ 2.40
	<u>8,257,650</u>	<u>6.3</u>	<u>\$ 1.20</u>	<u>5,577,863</u>	<u>\$ 1.22</u>

A summary of the status of the Company's unvested stock options as of December 31, 2010, and changes during the year ended December 31, 2010, is presented below:

Unvested Stock Options	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested at January 1, 2010	2,520,418	\$ 0.50
Granted	2,385,400	\$ 1.09
Cancelled/expired	(100,000)	\$ 0.52
Vested	(2,126,031)	\$ 0.60
Unvested at December 31, 2010	<u>2,679,787</u>	<u>\$ 0.87</u>

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Total unrecognized compensation expense at December 31, 2010 was approximately \$2,440,023 and will be charged to expense through December 2015.

The fair value of the options granted was estimated on the date of grant using the Black-Scholes-Merton option-pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. Expected volatilities are based on historical volatility of peer companies and other factors estimated over the expected term of the options. The term of employee options granted is derived using the "simplified method" which computes expected term as the average of the sum of the vesting term plus the contract term. The term for non-employee options is generally based upon the contractual term of the option. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term or contractual term as described.

The assumptions used in calculating the fair value of options using the Black-Scholes-Merton option-pricing model are set forth in the following table:

	<b>Year ended December 31, 2010</b>	<b>Nine Months ended December 31, 2009</b>
Expected volatility	57.9–60.2%	112.06–140.74%
Expected life (in years)	6	3.5 to 6
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.15% – 2.75%	1.54% – 2.53%

The weighted-average grant date fair value for options granted during the year ended December 31, 2010 was approximately \$1.09.

### *Warrants:*

The Company grants common stock warrants in connection with equity share purchases by investors as an additional incentive for providing long term equity capital to the Company and as additional compensation to consultants and advisors. The warrants are granted at negotiated prices in connection with the equity share purchases and at the market price of the common stock in other instances. The warrants have been issued for terms of five years.

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Common Stock warrants issued, redeemed and outstanding during the years ended December 31, 2010 and the nine months ended December 31, 2009 are as follows:

	<b>Number of Warrants</b>	<b>Weighted-Average Exercise Price per Warrant</b>	<b>Number of Contingent Warrants</b>	<b>Average Exercise Price per Contingent Warrant</b>
Warrants outstanding at March 31, 2009	1,160,251	\$ 0.91	—	\$ —
Issued in connection with private placement of common stock	315,520	\$ 0.50	—	\$ —
Issued in connection with related party convertible promissory	1,666,667	\$ 0.60	—	\$ —
Issued in connection with private placement of common stock	3,848,933	\$ 1.50	—	\$ —
Warrants outstanding at December 31, 2009	6,991,371	\$ 1.17	—	\$ —
Issued in connection with private placement of common stock	1,856,662	\$ 1.50	1,202,500	\$ 1.50
Issued in connection with convertible promissory notes	550,490	\$ 1.05	50,490	\$ 1.50
Expired warrants	(175,251)	\$ 1.80	—	\$ —
Exercised in connection with private placement of common stock	(3,219,348)	\$ 1.00	—	\$ —
Warrants outstanding at December 31, 2010	<u>6,003,924</u>	<u>\$ 1.21</u>	<u>1,252,990</u>	<u>\$ 1.50</u>

Warrants may be exercised in whole or in part by:

- notice given by the holder accompanied by payment of an amount equal to the warrant exercise price multiplied by the number of warrant shares being purchased ; or
- election by the holder to exchange the warrant (or portion thereof) for that number of shares equal to the product of (a) the number of shares issuable upon exercise of the warrant (or portion) and (b) a fraction, (x) the numerator of which is the market price of the shares at the time of exercise minus the warrant exercise price per share at the time of exercise and (y) the denominator of which is the market price per share at the time of exercise.

These warrants are not mandatorily redeemable, do not obligate the Company to repurchase its equity shares by transferring assets or issue a variable number of shares.

The warrants require that the Company deliver shares as part of a physical settlement or a net-share settlement, at the option of the holder, and do not provide for a net-cash settlement.

All of our warrants are classified as equity as of December 31, 2009 and 2010.

In April 2010, the Company offered investors in the October 2009 Private Placement a discount to their existing \$1.50 warrant exercise price to \$1.00 if they exercised their warrants to purchase common stock for cash by May 1, 2010. As a result of this offer, the Company received proceeds of approximately \$3,200,000, net of placement agent fees, and issued 3,200,000 shares of common stock as of May 1, 2010. The aggregate proceeds include \$833,000 in common stock issued to the Chairman and CEO, \$20,850 to the President and Chief Operating Officer and \$20,833 to one other company director. As a result of this activity, the number of warrants outstanding as of December 31, 2010 was 6,003,924. The Company grants common stock warrants, in connection with equity share purchases by investors as an additional incentive for providing long term equity capital to the Company, to placement agents in connection with direct equity share and convertible debt purchases by investors and as additional compensation to consultants and advisors.



## 9. Income taxes:

Significant items comprising the Company's deferred tax assets and liabilities are as follows at December 31, 2010 and 2009:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b>Deferred tax assets:</b>		
Share-based compensation expense	\$ 66,000	\$ 733,000
Furniture, software and equipment	283,000	283,000
Accrued expenses	67,000	20,000
Net operating loss carryforward	14,836,000	11,358,000
	<u>15,252,000</u>	<u>12,394,000</u>
<b>Deferred tax liabilities:</b>		
Intangible assets	(78,000)	(78,000)
Net deferred tax assets	15,174,000	12,316,000
Valuation allowance	(15,174,000)	(12,316,000)
	<u>\$ —</u>	<u>\$ —</u>

The reconciliation of the Federal statutory income tax rate of 34% to the effective rate is as follows for the periods ended December 31, 2010 and December 31, 2009:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Federal statutory rate	34.00%	34.00%
State taxes, net of federal benefit	3.96%	3.96%
Permanent differences	-3.44%	-12.00%
Valuation allowance	-34.52%	-25.96%
	<u>—%</u>	<u>—%</u>

Income taxes are based on estimates of the annual effective tax rate and evaluations of possible future events and transactions and may be subject to subsequent refinement or revision.

The Company has incurred net losses since its inception and, therefore, no current income tax liabilities have been incurred for the periods presented. The amount of unused tax losses available to carry forward and apply against taxable income in future years totaled approximately \$39,083,000 at December 31, 2010 and \$29,900,000 at December 31, 2009. The loss carry forwards expire in 2029. Due to the Company's losses, management has established a valuation allowance equal to the amount of net deferred tax assets since management cannot determine that realization of these benefits is more likely than not.

Under Section 382 and 383 of the Internal Revenue Code, if an ownership change occurs with respect to a "loss corporation", as defined, there are annual limitations on the amount of the net operating loss and other deductions which are available to the Company. At this time the Company has not yet determined whether some of the loss carryforwards may be subject to these limitations.

## 10. Gain on Settlement of Payables:

During the nine months ended December 31, 2009, the Company negotiated a settlement of certain outstanding payables primarily related to legal expenses incurred during the fiscal year ended March 31, 2009. As a result of this negotiation the Company recognized a gain on settlement of payables of approximately \$585,000, which is included in general and administrative expenses in our consolidated statement of operations for the nine months ended December 31, 2009.

**11. Termination of agreement:**

On August 19, 2009, the Company and Thomas J. Graham, M.D. ("Graham") and Phantom Hand Project, LLC ("Phantom"), entered into an Amendment and Settlement Agreement (the "Agreement").

The Agreement (i) terminates the Cost Recovery and Revenue Sharing Letter agreement between MiMedx and Graham dated May 22, 2008; (ii) terminates the Finder's Fee Letter Agreement between MiMedx and Graham dated May 22, 2008; (iii) transfers to Graham certain provisional patent applications that MiMedx did not intend to pursue and to which no value was ascribed; (iv) accelerates the vesting of options to purchase 250,000 shares of the Company's common stock previously issued to Graham and extends the period in which such options may be exercised through the five year anniversary of their date of issuance, without regard to whether Graham continues to serve as a consultant to MiMedx; (v) obligates Graham to forfeit 50,000 shares of the Company's common stock issued to him previously; (vi) amends the Consulting Agreement dated September 21, 2007, between MiMedx and Graham; and (vii) provides for certain payments to Graham upon a disposition of certain of the intellectual property comprising MiMedx's Level Orthopedics division (the "Level Assets") prior to September 20, 2010.

In connection with the amendment of the options and the recovery of the common stock (recorded as treasury stock), the Company recorded expense of approximately \$48,000, which represented the fair value of the amended options calculated utilizing the Black-Scholes-Merton model less the fair value of the common stock surrendered on the date of the agreement.

**12. Related party transactions:**

*Related party expense:*

The Company incurred expenses of approximately, \$5,188 during the year ended December 31, 2010 and \$71,000 during the nine months ended December 31, 2009 related to administrative expenses provided by an entity owned by the current Chairman of the Board.

The Company incurred expenses of approximately \$5,175 during the year ended December 31, 2010 and \$20,000 during the nine months ended December 31, 2009 related to aircraft use from an entity owned by the former Chairman of the Board and current member of the Board of Directors.

The Company incurred expenses of approximately \$64,238 during the year ended December 31, 2010 and \$11,000 during the nine months ended December 31, 2009 related to the lease of office space from an entity owned by the former Chairman of the Board and current member of the Board of Directors.

All the above related party expenses were included in general and administrative expenses in the accompanying consolidated statements of operations.

**13. 401k Plan:**

The Company has a 401(k) plan (the "Plan") covering employees who have attained 21 years of age and have completed 3 months of service. Under the Plan, participants may defer up to 100% of their eligible wages to a maximum of \$16,500 per year (annual limit for 2010). Employees age 50 or over in 2010 may make additional pre-tax contributions up to \$5,000 above and beyond normal plan and legal limits. Annually, the Company may elect to match employee contributions up to 3% of the employee's compensation. Additionally, the Company may elect to make a discretionary contribution to the Plan. The Company did not provide matching contributions for the years ended December 31, 2010 and the nine months ended December 31, 2009.

#### 14. Commitments:

##### *Contractual Arrangements*

The Company has entered into operating lease agreements for facility space and equipment. In addition, the Company has minimum royalty payments due in conjunction with one of its licenses. The estimated annual lease and royalty expense is as follows:

##### **12-month period ended December 31,**

2011	\$ 236,844
2012	179,540
Thereafter	—
	<u>\$ 416,384</u>

Rent expense on all operating leases for the year ended December 31, 2010, and the nine months ended December 31, 2009 was approximately \$244,598 and \$212,000, respectively.

#### 15. Subsequent Events

##### *Acquisition of Surgical Biologics LLC*

On December 21, 2010, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Membrane Products Holdings, LLC and OnRamp Capital Investments, LLC, the owners of Surgical Biologics, LLC ("Surgical Biologics"), a privately held company headquartered in Kennesaw, Georgia, whose primary business is in the development of tissue processing techniques for creating implants for a variety of surgical indications from amnion membranes. Pursuant to the Merger Agreement, the Company will acquire all of the outstanding equity interests in Surgical Biologics. Following the closing, Surgical Biologics will operate as a wholly owned subsidiary of the Company. The transaction closed on January 5, 2011.

The Merger Agreement provides, among other things, for initial merger consideration consisting of MiMedx common stock, debt and cash as follows:

- \$5,200,000 of MiMedx common stock; plus
- \$500,000 in cash (subject to adjustment for any shortfall in Surgical Biologics' working capital from the agreed amount, Surgical Biologics' debt in excess of the amount agreed to be assumed and Surgical Biologics' transaction costs); plus
- Convertible Secured Promissory Notes in the aggregate principal sum of \$1,250,000, which will bear interest at the annual rate of 4% and will be payable in full 18 months after Closing, subject to certain offset rights in favor of the Company. The Notes may be prepaid at any time without penalty on 30 days' written notice to the holders. The Notes will be secured by a first lien security interest in the intellectual property (consisting of patents, patent applications and trade secrets) acquired from Surgical Biologics in the transaction. No other intellectual property or assets of MiMedx will be pledged to secure the Notes. The Notes will be convertible at any time at the option of the holder into shares of MiMedx common stock at a conversion price equal to \$1 per share (the "Conversion Price"). The Notes will be convertible at the option of MiMedx if the closing trading price of MiMedx common stock equals or exceeds 175% of the Conversion Price (\$1.75) for any 20 consecutive trading days; plus
- Debt assumed in the transaction of approximately \$183,000.

In addition, the Merger Agreement provides for contingent consideration payable in MiMedx Common Stock as follows:

- An amount equal to 60% of the excess of MiMedx's gross revenue (net of returns and allowances) ("Gross Revenue") in calendar year 2011 from sales of all Surgical Biologics' products over Surgical Biologics' Gross Revenue from sales of such products in calendar year 2010. For purposes of the calculation (i) Gross Revenue is reduced or increased to the extent the 2011 cost of goods sold for Surgical Biologics' current product line exceeds or is less than certain agreed parameters, and (ii) Gross Revenue from any new product that incorporates both a placenta derived tissue product of Surgical Biologics and a proprietary product or process of MiMedx is reduced by 50%. The contingent payment is reduced by the cost of any required FDA clearances or approvals for the sale of Surgical Biologics' current product line.
- An amount equal to 30% of the excess of MiMedx' Gross Revenue in calendar year 2012 from sales of all Surgical Biologics' products over Surgical Biologics' Gross Revenue from sales of such products in calendar year 2011. For purposes of the calculation, (i) Gross Revenue is reduced or increased to the extent the 2012 cost of goods sold for Surgical Biologics' current product line exceeds or is less than certain agreed parameters and (ii) Gross Revenue from any new product that incorporates both a placenta derived tissue product of Surgical Biologics and a proprietary product or process of MiMedx is reduced by 50%. The contingent payment is reduced by the cost of any required FDA clearances or approvals for the sale of Surgical Biologics' current product line.
- For purposes of the contingent consideration, MiMedx shares are valued at the average closing trading price of MiMedx common stock for the 20 consecutive trading days immediately preceding the date that is one day prior to the date MiMedx' Form 10-K is filed with the SEC for the applicable year. Contingent consideration is payable 30 days after MiMedx files its Form 10-K for the applicable year.

In addition, the Merger Agreement provides for certain indemnification protections for the Company, secured by the deposit into escrow of 525,000 shares of MiMedx common stock for a two year period, and offset rights against 50% of the principal amount of the Convertible Secured Promissory Note and all of the contingent payments. The limitation period for indemnity claims is generally two years with certain exceptions.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

#### **Item 9A. Controls and Procedures**

##### **Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures" within the meaning of Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports filed under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and no evaluation of controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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As required by Rule 13a-15(b) of the Exchange Act, prior to filing this Annual Report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Our management has concluded that, as of December 31, 2010, our internal control over financial reporting is effective based on these criteria.

An evaluation was also performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of any changes in our internal control over financial reporting that occurred during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. That evaluation did not identify any change in our internal control over financial reporting that occurred during our latest fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

### **Item 9B. Other Information**

None.

### PART III

#### **Item 10. Directors, Executive Officers and Corporate Governance**

Information required by this Item will be contained in our definitive proxy statement relating to our Annual Meeting of Shareholders under the captions "Corporate Governance," "Executive Officers," "Nominees for Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," or similar captions which are incorporated herein by reference.

We have adopted our "Code of Business Conduct and Ethics" and a copy is posted on our website at <http://mimedx.com/governance.aspx>. In the event that we amend any of the provisions of this Code of Business Conduct and Ethics that require disclosure under applicable law, SEC rules or listing standards, we intend to disclose such amendment on our website.

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

#### **Item 11. Executive Compensation**

Information required by this Item will be contained in our definitive proxy statement relating to our Annual Meeting of Shareholders under the caption "Executive Compensation," which is incorporated herein by reference.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

Information required by this Item will be contained in our definitive proxy statement relating to our Annual Meeting of Shareholders under the captions "Security Ownership of Certain Beneficial Owners and Management," "Executive Compensation," and "Equity Compensation Plan Information," which is incorporated herein by reference.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by this Item will be contained in our definitive proxy statement relating to our Annual Meeting of Shareholders under the caption "Certain Relationships and Related Transactions," which is incorporated herein by reference.

#### **Item 14. Principal Accounting Fees and Services**

Information required by this Item will be contained in our definitive proxy statement relating to our Annual Meeting of Shareholders under the captions "Ratification of Appointment of Independent Registered Public Accounting Firm" and "Corporate Governance," which are incorporated herein by reference.

**PART IV****Item 15. Exhibits, Financial Statement Schedules.**

(a) Documents filed as part of this report:

- (1) Financial Statements
- (2) Financial Statement Schedules
- None
- (3) Exhibits

See Item 15(b) below. Each management contract or compensation plan has been identified.

(b) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
2.1#	Agreement and Plan of Merger is entered into as of the 22 <sup>nd</sup> day of December, 2010 by and among MiMedx Group, Inc., MP Holdings Acquisition Sub, LLC, ORCI Acquisition Sub, LLC, Membrane Products Holdings, LLC, Onramp Capital Investments, LLC, each of the OnRamp Members (as defined therein); John R. Daniel, in his capacity as the representative of the Members and Surgical Biologics, LLC (Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but a copy will be furnished supplementally to the Securities and Exchange Commission upon request)
3.1(2)	Articles of Incorporation of MiMedx Group, Inc.
3.2(2)	Bylaws of MiMedx Group, Inc.
10.1(1)*	MiMedx, Inc. 2006 Stock Incentive Plan
10.2(1)*	Declaration of Amendment to MiMedx, Inc. 2006 Stock Incentive Plan
10.3(1)*	Form of Incentive Award Agreement under the MiMedx, Inc. 2006 Stock Incentive Plan, including a list of officers and directors receiving options thereunder
10.4(1)*	Form of Nonqualified Incentive Award Agreement under the MiMedx, Inc. 2006 Stock Incentive Plan, including a list of officers and directors receiving options thereunder
10.5(1)*	MiMedx, Inc. 2005 Assumed Stock Plan
10.6(1)*	Declaration of Amendment to MiMedx, Inc. 2005 Assumed Stock Plan
10.7(1)*	Form of Incentive Award Agreement under the MiMedx, Inc. Assumed 2005 Stock Plan (formerly the SpineMedica Corp. 2005 Employee, Director and Consultant Stock Plan), including a list of officers and directors receiving options thereunder
10.8(1)*	Form of Nonqualified Incentive Award Agreement under the MiMedx, Inc. Assumed 2005 Stock Plan (formerly the SpineMedica Corp. 2005 Employee, Director and Consultant Stock Plan)
10.9(1)*	MiMedx, Inc. Assumed 2007 Stock Plan (formerly the SpineMedica Corp. 2007 Stock Incentive Plan)
10.10(1)*	Declaration of Amendment to MiMedx, Inc. Assumed 2007 Stock Plan (formerly the SpineMedica Corp. 2007 Stock Incentive Plan)
10.11(1)*	Form of Incentive Award Agreement under the MiMedx, Inc. Assumed 2007 Stock Plan (formerly the SpineMedica Corp. 2007 Stock Incentive Plan)
10.12(1)*	Form of Nonqualified Incentive Award Agreement under the MiMedx, Inc. Assumed 2007 Stock Plan (formerly the SpineMedica Corp. 2007 Stock Incentive Plan)
10.13(1)	Form of MiMedx, Inc. Employee Proprietary Information and Inventions Assignment Agreement
10.23(1)	Lease between MiMedx, Inc. and University of South Florida Research Foundation, Incorporated dated March 6, 2007
10.32(1)	Technology License Agreement between MiMedx, Inc., Shriners Hospitals for Children, and University of South Florida Research Foundation dated January 29, 2007
10.33(1)	Technology License Agreement between SpineMedica Corp. and SaluMedica, LLC dated August 12, 2005
10.34(1)	Trademark License Agreement between SaluMedica, LLC and SpineMedica Corp. dated August 12, 2005
10.35(1)	Technology License Agreement between SpineMedica Corp. and SaluMedica, LLC dated August 3, 2007
10.36(1)	First Amendment Technology License Agreement between SpineMedica Corp. and SaluMedica, LLC dated August 3, 2007
10.37(1)	Trademark License Agreement between SaluMedica, LLC and SpineMedica Corp dated August 13, 2007
10.38(1)	Acknowledgement of Georgia Tech Research Corporation dated August 12, 2005
10.39(1)	License Agreement between Georgia Tech Research Corporation and Restore Therapeutics, Inc. dated March 5, 1998
10.40(1)	First Amendment to License Agreement between Georgia Tech Research Corporation and Restore Therapeutics, Inc. dated November 18, 1998
10.41(1)	Second Amendment to License Agreement between Georgia Tech Research Corporation and SaluMedica, LLC (f/k/a Restore Therapeutics, Inc.) dated February 28, 2005
10.42(1)	Third Amendment to License Agreement between Georgia Tech Research Corporation and SaluMedica, LLC dated August 12, 2005



<b>Exhibit Number</b>	<b>Description</b>
10.43(1)	Assignment of Invention and Non-Provisional Patent Application from David N. Ku to SpineMedica Corp. dated August 11, 2005
10.44(1)	Assignment of Invention and Non-Provisional Patent Application from SaluMedica, LLC to SaluMedica, LLC dated August 12, 2005
10.45(1)	Form of SpineMedica, Corp. Employee Proprietary Information and Inventions Assignment Agreement
10.46(1)	Purchase Agreement between SpineMedica Corp. and SaluMedica, LLC dated March 12, 2007
10.47(1)	Letter Agreement between MiMedx, Inc. and SaluMedica, LLC dated June 26, 2007
10.54(3)	Investment Agreement dated March 31, 2008 between MiMedx Group, Inc. and SaluMedica, LLC
10.55(3)	Technology License Agreement dated March 31, 2008 between MiMedx Group, Inc. and SaluMedica, LLC
10.56(3)	Trademark License Agreement dated March 31, 2008 between MiMedx Group, Inc. and SaluMedica, LLC
10.65(5)	Form of Indemnification Agreement
10.66(5)*	Declaration of Amendment to Alynx, Co. Assumed 2006 Stock Incentive Plan (formerly the MiMedx, Inc. 2006 Stock Incentive Plan)
10.67(6)*	MiMedx Group, Inc. Amended and Restated Assumed 2005 Stock Plan
10.68(7)*	Form of Incentive Stock Option Award Agreement under MiMedx Group, Inc. Amended and Restated Assumed 2005 Stock Plan
10.69(7)*	Form of Nonqualified Stock Option Award Agreement under MiMedx Group, Inc. Amended and Restated Assumed 2005 Stock Plan
10.71(8)	Form of Subscription Agreement
10.72(8)	Form of 3% Convertible Senior Secured Promissory Note
10.73(8)	Form of Security and Intercreditor Agreement
10.74(9)	Sale and Purchase Agreement with UPex Holdings, LLC
10.76(10)	Subscription Agreement 5% Convertible Promissory Note
10.77(10)	5% Convertible Promissory Note
10.78(10)	Warrant to Purchase Common Stock
10.79(10)	Right of First Refusal Agreement between MiMedx Group, Inc., and Matthew J. Miller
10.82(11)	Form of Subscription and Stock Purchase Agreement Accredited Investor
10.83(11)	Form of Subscription and Stock Purchase Agreement Unaccredited Investor
10.84(11)	Form of Registration Rights Agreement
10.85(11)	Form of Warrant to Purchase Common Stock
10.86(12)	Form of Subscription Agreement 5% Convertible Promissory Note
10.87(12)	Form of 5% Convertible Promissory Note
10.88(12)	Form of Warrant to Purchase Common Stock
10.89#	Revolving Secured Line of Credit Agreement
21.1#	Subsidiaries of MiMedx Group, Inc.
23.1#	Consent of Independent Registered Public Accounting Firm
31.1#	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002
31.2#	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002
32.1#	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2#	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1(13)	The audited consolidated financial statements as of and for the years ended December 31, 2010 and 2009 for Surgical Biologics, LLC, including the notes to such financial statements and the report of the independent auditor thereon.

**Notes**

\* Indicates a management contract or compensatory plan or arrangement

# Filed herewith

All other footnotes indicate a document previously filed as an exhibit to and incorporated by reference from the following:

- (1) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 8-K filed February 8, 2008
- (2) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 8-K filed April 2, 2008
- (3) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 8-K filed April 4, 2008
- (4) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 10-K filed June 27, 2008
- (5) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 8 -K filed July 15, 2008
- (6) Incorporated by reference to exhibit 10.4 filed with the Registrant's Form S-8 filed August 29, 2008
- (7) Incorporated by reference to the exhibit with the same number filed with the Registrant's Form 8 -K on September 4, 2008
- (8) Exhibits 10.71, 10.72, and 10.73 are incorporated by reference to Exhibits 10.1, 10.2, and 10.3, respectively, to the Registrant's Form 8-K filed May 5, 2009
- (9) Incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K filed October 22, 2009
- (10) Exhibits 10.76, 10.77, 10.78, 10.79 are incorporated by reference to Exhibits 10.1, 10.2, 10.3, and 10.4, respectively, to the Registrant's Form 8-K filed September 28, 2009
- (11) Exhibits 10.82, 10.83, 10.84, and 10.85 are incorporated by reference to Exhibits 10.1, 10.2, 10.3, and 10.4, respectively, to the Registrant's Form 8-K filed January 7, 2010
- (12) Exhibits 10.86, 10.87 and 10.88 are incorporated by reference to Exhibits 10.1, 10.2 and 10.3, respectively, to the Registrants Form 8-K filed October 25, 2010.
- (13) Exhibit 99.1 is hereby incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K/A filed March 16, 2011

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 31, 2011

MIMEDX GROUP, INC.

By: /s/ Michael J. Senken  
Michael J. Senken  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature / Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/: Parker H. Petit</u> Parker H. Petit	Chief Executive Officer (principal executive officer)	March 31, 2011
<u>/s/: Michael J. Senken</u> Michael J. Senken	Chief Financial Officer (principal financial and accounting officer)	March 31, 2011
<u>/s/: Steve Gorlin</u> Steve Gorlin	Director	March 31, 2011
<u>/s/: Kurt M. Eichler</u> Kurt M. Eichler	Director	March 31, 2011
<u>/s/: Charles E. Koob</u> Charles E. Koob	Director	March 31, 2011
<u>/s/: Larry W. Papasan</u> Larry W. Papasan	Director	March 31, 2011
<u>/s/: A. Kreamer Rooke, Jr.</u> A. Kreamer Rooke, Jr.	Director	March 31, 2011
<u>/s/: Joseph G. Bleser</u> Joseph G. Bleser	Director	March 31, 2011
<u>/s/: J. Terry Dewberry</u> J. Terry Dewberry	Director	March 31, 2011
<u>/s/: Bruce Hack</u> Bruce Hack	Director	March 31, 2011

**AGREEMENT AND PLAN OF MERGER**  
**BY AND AMONG**  
**MIMEDX GROUP, INC.,**  
**MP HOLDINGS ACQUISITION SUB,**  
**ORCI ACQUISITION SUB,**  
**MEMBRANE PRODUCTS HOLDINGS, LLC,**  
**ONRAMP CAPITAL INVESTMENTS, LLC,**  
**THE MEMBERS,**  
**AND**  
**THE MEMBER REPRESENTATIVE.**  
**DATED DECEMBER 22, 2010**

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## AGREEMENT AND PLAN OF MERGER

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## **EXHIBITS**

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## AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER is entered into as of the 22nd day of December, 2010 by and among: **MIMEDX GROUP, INC.**, a corporation organized under the laws of the State of Florida (the "**Parent**"); **MP HOLDINGS ACQUISITION SUB, LLC**, a limited liability company organized under the laws of the State of Georgia ("**MP Holdings Acquisition Sub**"); **ORCI ACQUISITION SUB, LLC**, a limited liability company organized under the laws of the State of Georgia ("**OnRamp Acquisition Sub**"); **MEMBRANE PRODUCTS HOLDINGS, LLC**, a limited liability company organized under the laws of the State of Georgia ("**MP Holdings**"); each of the MP Holdings Members (as defined herein); **ONRAMP CAPITAL INVESTMENTS, LLC**, a limited liability company organized under the laws of the State of Georgia ("**OnRamp**"); each of the OnRamp Members (as defined herein); **JOHN R. DANIEL**, in his capacity as the representative of the Members (the "**Member Representative**"); and **SURGICAL BIOLOGICS, LLC**, a limited liability company organized under the laws of the State of Georgia ("**Surgical Biologics**").

### RECITALS

WHEREAS, MP Holdings and OnRamp are the only members of Surgical Biologics, and, collectively, own all of the outstanding Equity Interests therein;

WHEREAS, each of MP Holdings Acquisition Sub and OnRamp Acquisition Sub is a wholly-owned Subsidiary of Parent;

WHEREAS, MP Holdings desires to merge with and into MP Holdings Acquisition Sub (the "**MP Holdings Merger**"), pursuant to which MP Holdings Acquisition Sub will be the surviving limited liability company and the MP Holdings Members will be entitled to receive the MP Holdings Consideration as set forth on the Transaction Consideration Schedule, all upon the terms and subject to the conditions set forth herein;

WHEREAS, OnRamp desires to merge with and into OnRamp Acquisition Sub (the "**OnRamp Merger**," and, together with MP Holdings Merger, the "**Merger**"), pursuant to which OnRamp Acquisition Sub will be the surviving limited liability company and the OnRamp Members will be entitled to receive the OnRamp Consideration as set forth on the Transaction Consideration Schedule, all upon the terms and subject to the conditions set forth herein;

WHEREAS, the MP Holdings Merger and the OnRamp Merger are intended by the parties to qualify as tax-deferred reorganizations pursuant to Code Section 368(a)(1)(A);

WHEREAS, the Managers of MP Holdings (the "**MP Holdings Managers**") have unanimously declared it advisable and in the best interests of the MP Holdings Members, and the MP Holdings Members have approved and directed, that MP Holdings enter into this Agreement and consummate the MP Holdings Merger and the other Transactions on the terms and subject to the conditions set forth in this Agreement;

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WHEREAS, the Managers of OnRamp (the “**OnRamp Managers**”) have unanimously declared it advisable and in the best interests of the OnRamp Members, and the OnRamp Members have approved and directed, that OnRamp enter into this Agreement and consummate the OnRamp Merger and the other Transactions on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in connection with the execution and delivery of this Agreement, each Member is executing and delivering to the Companies and the Parent a counterpart signature page to this Agreement or Joinder Agreement, becoming a Member for purposes of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations and warranties and covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

## ARTICLE I

### DEFINITIONS

For purposes of this Agreement, capitalized terms used in this Agreement and not otherwise defined elsewhere shall have the meanings ascribed to such terms as set forth **Schedule I** attached hereto and incorporated herein by reference.

## ARTICLE II

### THE MERGERS

#### 2.1 MP Holdings Merger.

(a) MP Holdings Merger. At the Effective Time, and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the GLLCA: (i) MP Holdings shall be merged with and into MP Holdings Acquisition Sub; (ii) the separate existence of MP Holdings shall cease, and the existence of MP Holdings Acquisition Sub shall continue; and (iii) MP Holdings Acquisition Sub shall remain a wholly-owned Subsidiary of Parent.

(b) Effect of MP Holdings Merger. At the Effective Time, the effect of the MP Holdings Merger shall be as provided in this Agreement, the articles of merger as contemplated by the GLLCA (the “**MP Holdings Articles of Merger**”), and the applicable provisions of the GLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, assets, rights, privileges, powers, and franchises of MP Holdings shall vest in MP Holdings Acquisition Sub without reversion or impairment, without further act or deed, and without any conveyance, transfer, or assignment having occurred, and all debts, liabilities, and duties of MP Holdings shall become the debts, liabilities, and duties of MP Holdings Acquisition Sub.

(c) Effective Time. On the Closing Date, the parties hereto shall cause the MP Holdings Merger to be consummated by filing the MP Holdings Articles of Merger, together with any required, related certificates, with the Secretary of State of the State of Georgia, in such form as required by, and executed in accordance with the relevant provisions of, the GLLCA. The MP Holdings Merger shall be effective as of the Effective Time.

(d) Articles of Organization; Operating Agreement.

(i) Articles of Organization. At the Effective Time, and without any further action on the part of the parties hereto, the Articles of Organization of MP Holdings Acquisition Sub, as in effect immediately prior to the Effective Time, shall remain the Articles of Organization of MP Holdings Acquisition Sub until thereafter amended in accordance with the GLLCA and such articles of organization.

(ii) Operating Agreement. At the Effective Time, and without any further action on the part of the parties hereto, the Operating Agreement of MP Holdings Acquisition Sub, as in effect immediately prior to the Effective Time, shall remain the Operating Agreement of MP Holdings Acquisition Sub until thereafter amended in accordance with the GLLCA, the Articles of Organization of MP Holdings Acquisition Sub, and such operating agreement.

(e) MP Holdings Acquisition Sub Manager and Officers. At the Effective Time, and without any further action on the part of the parties hereto, (i) the manager of MP Holdings Acquisition Sub immediately prior to the Effective Time shall be and remain the sole manager of MP Holdings Acquisition Sub, to hold office in accordance with the Articles of Organization and the Operating Agreement of MP Holdings Acquisition Sub, and (ii) the officers of MP Holdings Acquisition Sub immediately prior to the Effective Time shall be and remain the only officers of MP Holdings Acquisition Sub, each to hold office in accordance with the Articles of Organization and the Operating Agreement of MP Holdings Acquisition Sub.

(f) Additional Actions. If, at any time after the Effective Time, MP Holdings Acquisition Sub shall consider or be advised that any deeds, bills of sale, assignments, or assurances or any other acts or things are necessary or desirable to vest, perfect, or confirm, of record or otherwise, in MP Holdings Acquisition Sub, its right, title, or interest in, to, or under any of the properties, assets, rights, privileges, powers, or franchises of MP Holdings acquired or to be acquired by reason of, or as a result of, the MP Holdings Merger, or otherwise to carry out the purposes of this Agreement, MP Holdings Acquisition Sub and its officers and manager shall be authorized to execute and deliver, in the name and on behalf of MP Holdings all such deeds, bills of sale, assignments, and assurances and to do, in the name and on behalf of MP Holdings, all such other acts and things necessary or desirable to vest, perfect, or confirm any and all right, title, or interest in, to, or under such properties, assets, rights, privileges, powers, or franchises in MP Holdings Acquisition Sub or otherwise to carry out the purposes of this Agreement.

2.2 OnRamp Merger.

(a) OnRamp Merger. At the Effective Time, and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the GLLCA: (i) OnRamp shall be merged with and into OnRamp Acquisition Sub; (ii) the separate existence of OnRamp shall cease, and the existence of OnRamp Acquisition Sub shall continue as the surviving company; and (iii) OnRamp Acquisition Sub shall remain a wholly-owned Subsidiary of Parent.

(b) Effect of OnRamp Merger. At the Effective Time, the effect of the OnRamp Merger shall be as provided in this Agreement, the articles of merger as contemplated by the GLLCA (the "**OnRamp Articles of Merger**"), and the applicable provisions of the GLLCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, assets, rights, privileges, powers, and franchises of OnRamp shall vest in OnRamp Acquisition Sub without reversion or impairment, without further act or deed, and without any conveyance, transfer, or assignment having occurred, and all debts, liabilities, and duties of OnRamp shall become the debts, liabilities, and duties of OnRamp Acquisition Sub.

(c) Effective Time. On the Closing Date, the parties hereto shall cause the OnRamp Merger to be consummated by filing the OnRamp Articles of Merger, together with any required, related certificates, with the Secretary of State of the State of Georgia, in such form as required by, and executed in accordance with the relevant provisions of, the GLLCA. The OnRamp Merger shall be effective as of the Effective Time.

(d) Articles of Organization; Operating Agreement.

(i) Articles of Organization. At the Effective Time, and without any further action on the part of the parties hereto, the Articles of Organization of OnRamp Acquisition Sub, as in effect immediately prior to the Effective Time, shall remain the Articles of Organization of OnRamp Acquisition Sub until thereafter amended in accordance with the GLLCA and such Articles of Organization.

(ii) Operating Agreement. At the Effective Time, and without any further action on the part of the parties hereto, the Operating Agreement of OnRamp Acquisition Sub, as in effect immediately prior to the Effective Time, shall remain the Operating Agreement of OnRamp Acquisition Sub until thereafter amended in accordance with the GLLCA, the Articles of Organization of OnRamp Acquisition Sub, and such Operating Agreement.

(e) OnRamp Acquisition Sub Manager and Officers. At the Effective Time, and without any further action on the part of the parties hereto, (i) the manager of OnRamp Acquisition Sub immediately prior to the Effective Time shall be and remain the sole manager of OnRamp Acquisition Sub, to hold office in accordance with the Articles of Organization and the Operating Agreement of OnRamp Acquisition Sub, and (ii) the officers of OnRamp Acquisition Sub immediately prior to the Effective Time shall be and remain the only officers of OnRamp Acquisition Sub, each to hold office in accordance with the Articles of Organization and the Operating Agreement of OnRamp Acquisition Sub.

(f) Additional Actions. If, at any time after the Effective Time, OnRamp Acquisition Sub shall consider or be advised that any deeds, bills of sale, assignments, or assurances or any other acts or things are necessary or desirable to vest, perfect, or confirm, of record or otherwise, in OnRamp Acquisition Sub, its right, title, or interest in, to, or under any of the properties, assets, rights, privileges, powers, or franchises of OnRamp acquired or to be acquired by reason of, or as a result of, the OnRamp Merger, or otherwise to carry out the purposes of this Agreement, OnRamp Acquisition Sub and its proper officers and manager shall be authorized to execute and deliver, in the name and on behalf of OnRamp all such deeds, bills of sale, assignments, and assurances and to do, in the name and on behalf of OnRamp, all such other acts and things necessary or desirable to vest, perfect, or confirm any and all right, title, or interest in, to, or under such properties, assets, rights, privileges, powers, or franchises in OnRamp Acquisition Sub or otherwise to carry out the purposes of this Agreement.

2.3 Closing. Unless this Agreement shall have been terminated and the MP Holdings Merger or the OnRamp Merger shall have been abandoned pursuant to ARTICLE XI and, subject to the satisfaction or waiver of the conditions set forth in ARTICLE IX and ARTICLE X, the Closing will take place as promptly as practicable (and in any event within two (2) business days) after satisfaction or waiver of the conditions set forth in ARTICLE IX and ARTICLE X, at the offices of Womble Carlyle Sandridge & Rice, PLLC, 271 17<sup>th</sup> Street NW, Suite 2400, Atlanta, Georgia 30363, unless another date, time, or place is agreed to in writing by MP Holdings, OnRamp and the Parent; provided, however, that the Closing may be conducted by facsimile or PDF transmitted via electronic mail with exchange of original signatures by overnight courier.

### ARTICLE III

#### EFFECT OF MERGER; AMOUNT OF TRANSACTION CONSIDERATION; PAYMENTS, ISSUANCES AND DEPOSITS; EXCHANGE PROCEDURES

3.1 Treatment of Equity Interests. As of the Effective Time, by virtue of the Merger and without any action on the part of any of the Companies, the Acquisition Parties, or the Members:

(a) MP Holdings Membership Interests. The membership interests of MP Holdings Acquisition Sub outstanding immediately prior to the Effective Time shall be and remain all of the outstanding membership interests of MP Holdings Acquisition Sub, and all of the MP Holdings Membership Interests shall, by virtue of the MP Holdings Merger and without any further action on the part of the holders thereof, automatically be cancelled and extinguished and be converted into and represent the non-assignable right to receive the following (the "MP Holdings Consideration"):

- (i) the MP Holdings Closing Cash Consideration, payable in cash without interest at the Closing;
- (ii) the MP Holdings Notes;
- (iii) the MP Holdings Closing Stock Consideration; and
- (iv) the MP Holdings Additional Amounts, if any, that become payable in accordance with the terms of this Agreement.

(b) OnRamp Membership Interests. The membership interests of OnRamp Acquisition Sub outstanding immediately prior to the Effective Time shall be and remain all of the outstanding membership interests of OnRamp Acquisition Sub, and all of the OnRamp Membership Interests shall, by virtue of the OnRamp Merger and without any further action on the part of the holders thereof, automatically be cancelled and extinguished and be converted into and represent the non-assignable right to receive the following (the "OnRamp Consideration"):

- (i) the OnRamp Closing Cash Consideration, payable in cash without interest at the Closing;
- (ii) the OnRamp Notes;
- (iii) the OnRamp Closing Stock Consideration; and
- (iv) the OnRamp Additional Amounts, if any, that become payable in accordance with the terms of this Agreement.



(c) The MP Holdings Consideration shall be allocated among the MP Holdings Members as set forth on the Transaction Consideration Schedule. The OnRamp Consideration shall be allocated among the OnRamp Members as set forth on the Transaction Consideration Schedule.

3.2 Withholding Rights. The Parent, the Surviving Companies and/or the Member Representative shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Member such amounts as the Parent, the Surviving Companies and/or the Member Representative, as applicable, is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax Law. To the extent that amounts are so withheld and paid over to the appropriate taxing authority by the Parent, the Surviving Companies and/or the Member Representative, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Member in respect of which such deduction and withholding was made by the Parent, the Surviving Companies and/or the Member Representative, as applicable.

3.3 Rounding. The amount of each contemporaneous cash payment each Member is entitled to receive pursuant to the terms of this Agreement shall be rounded to the nearest cent and computed after aggregating all contemporaneous cash payments due to such Member.

3.4 Amount of Transaction Consideration. The amount of the Transaction Consideration shall be subject to adjustment as follows:

(a) Working Capital Deficit, Excess Indebtedness, and Company Transaction Expenses.

(i) No later than three (3) business days prior to the Closing Date, the Member Representative shall deliver to the Parent a schedule (the "**Transaction Consideration Schedule**") setting forth (a) the name of each Member, (b) the ownership interest in MP Holdings or OnRamp held by such Member immediately prior to the Closing, (c) the aggregate principal amount of the MP Holdings Note or the OnRamp Note, as applicable, to be issued to such Member at the Closing, (d) the percentage of the Aggregate Closing Stock Consideration to be issued to such Member at Closing, (e) the amount of the Aggregate Closing Cash Consideration payable to such Member at Closing, and (f) such Member's entitlement to any Additional Payment Amounts (expressed as a percentage relative to the entitlement of all Members). The Companies shall deliver to the Parent all reasonably requested relevant backup materials, in detail reasonably requested by the Parent. The Parent shall withhold One Hundred Fifty Thousand and No/100 Dollars (\$150,000) (the "**Holdback Amount**") from the Aggregate Cash Consideration paid at Closing.

(ii) No later than one hundred twenty (120) days following the Closing Date, the Parent shall deliver to the Member Representative the Parent's determination of (A) the excess of Two Hundred Eighty-five Thousand and NO/100 Dollars (\$285,000.00) over the Closing Working Capital, if any (the "Working Capital Deficit"), (B) the Closing Indebtedness in excess of Two Hundred Forty-One Thousand Seventy-Five and NO/100 Dollars (\$241,075.00), if any (the "**Excess Indebtedness**"), and (C) the Company Transaction Expenses, including all reasonable attorneys' fees incurred by the Companies, which shall be promptly paid by Parent, upon the prior approval of the Member Representative, from the Holdback Amount upon presentation of invoices therefor (the "**Post-Closing Statement**"). The Parent shall deliver to the Member Representative all reasonably requested relevant backup materials, in detail reasonable requested by the Member Representative. The determination of the Working Capital Deficit, the Excess Indebtedness, and the Company Transaction Expenses as reflected on the Post-Closing Statement shall become final and binding for purposes of this Section 3.4(a)(ii) on the thirtieth (30<sup>th</sup>) day following receipt thereof by the Member Representative unless the Member Representative gives written notice of the Member Representative's objection to the Post-Closing Statement to the Parent prior to such date, specifying in reasonable detail the basis of such objections. If a timely notice of disagreement is received by the Parent in accordance with the preceding sentence, then the Member Representative and the Parent shall work in good faith to resolve such disputes, and if the Member Representative and the Parent cannot resolve such disputes within thirty (30) days after delivery by the Member Representative of the notice of disagreement, such disputes shall be referred to the Independent Accountant, which shall be directed to resolve such disputes in accordance with the terms of this Agreement, if applicable, within sixty (60) days thereafter, and whose decision shall be final and binding for purposes of this Section 3.4(a)(ii). All of the fees and expenses of the Independent Accountant shall be borne by the Parent, on the one hand, and the Members, on the other hand, based on the relative correctness of the positions asserted by the Parent and the Member Representative, respectively. If a retainer is required by the Independent Accountant, the retainer shall be split equally between the Parent and the Members; provided, however, that the retainer shall be considered part of the fees and expenses of the Independent Accountant and if either the Parent or the Member Representative has or have paid a portion of the retainer, such party will be entitled to be reimbursed by the other party to the extent required herein.

(iii) No later than three (3) business days following the final determination of the Working Capital Deficit, the Excess Indebtedness, and the Company Transaction Expenses, as provided above:

(A) if the sum of the Working Capital Deficit, plus the Excess Indebtedness, plus the Company Transaction Expenses, each as finally determined in accordance with Section 3.4(a)(ii), is greater than the Holdback Amount, then the Parent shall retain the Holdback Amount and the amount by which such sum exceeds the Holdback Amount shall be offset proportionately against the amounts owed by the Acquisition Parties under the Notes (which offset shall not be included in the calculation of the Cap in Section 12.7(b)); and

(B) if the sum of the Working Capital Deficit plus the Excess Indebtedness plus the Company Transaction Expenses, each as finally determined in accordance with Section 3.4(a)(ii), does not exceed the Holdback Amount, then the Parent shall deliver to the Member Representative, for further distribution to the Members as an Additional Payment Amount, the amount, if any, that the Holdback Amount exceeds such sum.

(b) 2011 Contingency-Based Payment. In addition to the Aggregate Consideration, Parent shall deliver to the Member Representative, for further distribution to the Members as an Additional Payment Amount in accordance with the Transaction Consideration Schedule, an aggregate number of shares of Parent Common Stock equal to (i) sixty percent (60%) of the excess of the Gross Revenues in calendar year 2011 over the Gross Revenues in calendar year 2010 minus (ii) the FDA Approval Costs, with such difference being divided by the 2011 Share Value (the “**2011 Contingency-Based Payment**”). The Parent shall deliver the 2011 Contingency-Based Payment to the Member Representative no later than thirty (30) days after the date the Parent files its Form 10-K for the 2011 fiscal year.

(c) 2012 Contingency-Based Payment. In addition to the Aggregate Consideration, Parent shall deliver to the Member Representative, for further distribution to the Members as an Additional Payment Amount in accordance with the Transaction Consideration Schedule, an aggregate number of shares of Parent Common Stock equal to (i) thirty percent (30%) of the excess of the Gross Revenues in calendar year 2012 over the Gross Revenues in calendar year 2011 minus (ii) the FDA Approval Costs not deducted by the Parent pursuant to Section 3.4(b), with such difference being divided by the 2012 Share Value (the “**2012 Contingency-Based Payment**”). The Parent shall deliver the 2012 Contingency-Based Payment to the Member Representative no later than thirty (30) days after the date the Parent files its Form 10-K for the 2012 fiscal year.

(d) Gross Revenues Adjustment.

(i) 2011 Gross Revenues. For purposes of calculating the 2011 Contingency-Based Payment, the Gross Revenues for 2011 shall be (i) reduced by the amount, if any, by which the aggregate Cost of Goods for 2011 sales of Surgical Biologics Products exceeds one hundred ten percent (110%) of the aggregate of the Unit Cost for each such Surgical Biologics Product multiplied by the number of units of such Surgical Biologics Product included in the 2011 Gross Revenues; and (ii) increased, by the amount, if any, by which ninety percent (90%) of the aggregate of the Unit Cost for each Surgical Biologics Product multiplied by the number of units of such Surgical Biologics Product included in 2011 Gross Revenues exceeds the aggregate Cost of Goods for 2011 sales of Surgical Biologics Products.

(ii) 2012 Gross Revenues. For purposes of calculating of the 2012 Contingency-Based Payment, the Gross Revenues for 2012 shall be (i) reduced by the amount, if any, by which the aggregate Cost of Goods for 2012 sales of Surgical Biologics Products exceeds one hundred ten percent (110%) of the aggregate of the Unit Cost for such Surgical Biologics Product multiplied by the number of units of such Surgical Biologics Product included in the 2012 Gross Revenues; and (ii) increased, by the amount, if any, by which ninety percent (90%) of the aggregate of the Unit Cost for each Surgical Biologics Product multiplied by the number of units of such Surgical Biologics Product included in 2012 Gross Revenues exceeds the aggregate Cost of Goods for 2012 sales of Surgical Biologics Products.

(e) Inspection; Dispute Resolution. Upon at least ten (10) business days advance written notice to the Parent for the period following the Closing during which the Members are entitled to Additional Payment Amounts, and for ninety (90) days thereafter, the Member Representative shall be permitted to inspect the relevant books and records of the Parent and the Surviving Companies solely to the extent necessary or appropriate to ensure the Parent's compliance with Sections 3.4(a), (b), (c) and (d) of this Agreement. The Member Representative hereby agrees that any information that he has access to or of which he becomes aware in connection with such inspection shall be treated in accordance with Section 8.8 hereof. In the event that the Parent and the Member Representative disagree whether the Parent's obligation to fund an Additional Payment Amount has occurred in accordance with Sections 3.4(a), (b), (c) and (d) of this Agreement or with regards to the amount of any such Additional Payment Amount, then the Member Representative and the Parent shall work in good faith to resolve such disputes, and if the Member Representative and the Parent cannot resolve such disputes within thirty (30) days after delivery by the Member Representative of his written notice of disagreement, such disputes shall be referred to the Independent Accountant, which shall be directed to resolve such disputes in accordance with the terms of this Agreement within sixty (60) days thereafter, and whose decision shall be final and binding on all the parties. All of the reasonable fees and expenses of the Independent Accountant shall be borne by the Parent and the Member Representative (on behalf of the Members) based on the relative correctness of the positions asserted by such parties. If a retainer is required by the Independent Accountant, the retainer shall be split equally between the Parent and the Member Representative (on behalf of the Members); provided, however, that the retainer shall be considered part of the fees and expenses of the Independent Accountant and if either the Parent or the Member Representative has or have paid a portion of the retainer, such party will be entitled to be reimbursed by the other party to the extent required herein.

### 3.5 Payments and Deposits.

(a) Payment of Aggregate Cash Consideration. At the Closing, the Parent shall deliver to the Member Representative, for payment to the Members in accordance with Sections 3.7 and 3.8, cash in an amount equal to the Aggregate Cash Consideration, as adjusted pursuant to Section 3.4(a).

(b) Issuance of Aggregate Closing Stock Consideration. At the Closing, the Parent shall deliver to the Member Representative, for delivery to the Members in accordance with Sections 3.7 and 3.8, the Aggregate Closing Stock Consideration, issued to the Members as set forth in the Transaction Consideration Schedule.

(c) Deposit of Escrow Stock. At the Closing, the Parent shall deposit with the Escrow Agent, for the Escrow Period and pursuant to the terms of the Escrow Agreement, the Escrow Stock, for satisfaction of Losses for which any Surviving Company Indemnified Party is entitled to receive indemnification under ARTICLE XII.

3.6 Issuance of Notes. At the Closing, the Parent shall issue and deliver (i) the MP Holdings Notes to the MP Holdings Members, and (ii) the OnRamp Notes to the OnRamp Members, all of which shall be issued to and held by the Member Representative.

3.7 MP Holdings Exchange Procedure. At the Effective Time, each MP Holdings Member shall be entitled to receive in exchange for the MP Holdings Membership Interests owned by such MP Holdings Member, such MP Holdings Member's share of the MP Holdings Closing Consideration as set forth on the Transaction Consideration Schedule, and the MP Holdings Membership Interests shall be automatically canceled, without any further action, upon the acceptance of the MP Holdings Articles of Merger by the Secretary of State of the State of Georgia. From and after the Effective Time, the MP Holdings Members shall cease to have any rights in respect of such membership interest and the rights of the MP Holdings Members shall be solely the right to receive such MP Holdings Member's share of the MP Holdings Consideration as set forth on the Transaction Consideration Schedule.

3.8 OnRamp Exchange Procedure. At the Effective Time, each OnRamp Member shall be entitled to receive in exchange for the OnRamp Membership Interests owned by such OnRamp Member, such OnRamp Member's share of the OnRamp Closing Consideration as set forth on the Transaction Consideration Schedule, and the OnRamp Membership Interests shall be automatically canceled, without any further action, upon the acceptance of the OnRamp Articles of Merger by the Secretary of State of the State of Georgia. From and after the Effective Time, the OnRamp Members shall cease to have any rights in respect of such membership interest and the rights of the OnRamp Members shall be solely the right to receive such OnRamp Member's share of the OnRamp Consideration as set forth on the Transaction Consideration Schedule.

#### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANIES

The Companies hereby, jointly and severally, represent and warrant to the Acquisition Parties that, except as set forth in the Company Disclosure Schedule, the statements contained in this ARTICLE IV are true and correct as of the date hereof and as of the Closing Date. The disclosures in any section or subsection of the Company Disclosure Schedule shall qualify other sections and subsections in this ARTICLE IV to the extent it is readily apparent from a reading of the disclosure and without independent knowledge of the matter disclosed that such disclosure is applicable to such other sections and subsections. References to the "knowledge" of a Company shall refer to the actual knowledge of the officers of that Company after due inquiry with respect to the subject matter thereof.

4.1 Company Organization. MP Holdings is a limited liability company duly organized and validly existing under the laws of the State of Georgia. OnRamp is a limited liability company duly organized and validly existing under the laws of the State of Georgia. Surgical Biologics is a limited liability company duly organized and validly existing under the laws of the State of Georgia. Each of the Companies has the requisite company power and authority, as applicable, to own, operate, and lease the properties and assets it now owns, operates, and leases and to carry on its business as presently conducted. Each of the Companies is duly qualified to transact

business as a foreign limited liability company and is in good standing in the jurisdictions set forth in **Section 4.1(a) of the Company Disclosure Schedule**, which are the only jurisdictions where such qualification is required by reason of the nature of the properties and assets currently owned, operated, or leased by it or the business currently conducted by it, except as would not have a Company Material Adverse Effect. Attached hereto as **Section 4.1(b) of the Company Disclosure Schedule** are complete and correct copies of the Company Governing Documents, each as amended to date (and no amendments are pending).

**4.2 Authorization; Enforceability.** Each Company has the requisite company power and authority, as applicable, to enter into this Agreement and any other agreements contemplated hereby to be entered into by the Companies and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and unanimously approved by each of the OnRamp Managers and the MP Holdings Managers and by each of the Members, and no other company proceeding on the part of any Company is necessary to approve and authorize the execution and delivery of this Agreement or (subject to the filing of the Articles of Merger pursuant to the GLLCA) the consummation of the Transactions. This Agreement has been duly executed and delivered by each Company and, assuming due authorization, execution, and delivery of this Agreement by the other parties hereto, constitutes the valid and binding agreement of each Company, enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights generally and by general equitable and fiduciary principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

**4.3 No Violations.** With respect to the MP Holdings Merger, subject to the filing of the MP Holdings Articles of Merger with the Secretary of State of the State of Georgia (and approval thereof), and, with respect to the OnRamp Merger, subject to the filing of the OnRamp Articles of Merger with the Secretary of State of the State of Georgia (and approval thereof), the execution and delivery of this Agreement and the consummation of the Transactions will not: (a) violate or conflict with any provision of the Company Governing Documents; (b) breach, violate, or constitute an event of default under, give rise to any right of termination, cancellation, modification, or acceleration under, or require any consent or the giving of any notice under, any note, bond, indenture, mortgage, security agreement, lease, license, franchise, permit, Contract, or other instrument or obligation to which any Company is a party, or by which any Company or any of its properties or assets may be bound, except as set forth in **Section 4.3 of the Company Disclosure Schedule**; (c) violate or conflict with any applicable Laws; or (d) require, on the part of any Company, any filing or registration with, or permit, license, exemption, consent, authorization, or approval of, or the giving of any notice to, any Governmental Entity.

**4.4 Consents and Approvals.**

(a) **Section 4.4(a) of the Company Disclosure Schedule** lists each consent, approval, authorization, registration, filing, or notice with any Governmental Entity that is required in connection with the execution, delivery and performance by the Companies of this Agreement.

(b) **Section 4.4(b) of the Company Disclosure Schedule** lists each consent, approval, authorization of, or notice to any other third party that is required in connection with the execution, delivery and performance by the Companies of this Agreement.

#### 4.5 Capitalization.

(a) (i) the MP Holdings Membership Interests are outstanding and owned of record and beneficially as set forth in **Section 4.5(a) of the Company Disclosure Schedule**, and (ii) the OnRamp Membership Interests are outstanding and owned of record and beneficially as set forth in **Section 4.5(a) of the Company Disclosure Schedule**, and (iii) the Surgical Biologics Membership Interests are outstanding and owned of record and beneficially as set forth in **Section 4.5(a) of the Company Disclosure Schedule**. All outstanding Surgical Biologics Membership Interests, MP Holdings Membership Interests, and OnRamp Membership Interests: (A) are duly authorized, validly issued, and fully paid and nonassessable; (B) were not issued in violation of any preemptive rights or any legal requirements, including any applicable federal, state, or foreign securities laws; and (C) are not subject to preemptive rights created by statute, the Company Governing Documents, or any Contract to which any Company is a party or by which any Company is bound.

(b) **Section 4.5(b) of the Company Disclosure Schedule** sets forth a list of the holders of outstanding Options and Warrants and lists for each outstanding Option or Warrant, (i) the amount of Equity Interest issuable under such Option or Warrant and (ii) the exercise price of such Option or Warrant. All shares of Equity Interest issuable upon exercise of outstanding Options or Warrants, when issued pursuant to the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, and fully paid and nonassessable and not issued in violation of any preemptive rights or any legal requirements, including any applicable federal, state, or foreign securities laws.

(c) Except as set forth in **Sections 4.5(a), 4.5(b), and 4.5(c) of the Company Disclosure Schedule**, no shares of Equity Interests of any Company are issued, reserved for issuance, or outstanding. Except as set forth in **Section 4.5(c) of the Company Disclosure Schedule**, there are no bonds, debentures, notes, or other Indebtedness of any Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which Members may vote. Except as set forth above and in **Section 4.5(c) of the Company Disclosure Schedule**, there are no securities, partnership interests, or similar ownership interests, options, warrants, calls, rights (including preemptive rights), or Contracts of any kind to which any Company is a party, or by which any Company is bound, obligating any Company to issue, deliver, sell, repurchase, or redeem, or cause to be issued, delivered, sold, repurchased, or redeemed, any of its Equity Interests.

(d) There are no agreements between any Company and any holder of Equity Interests of any Company or, to the knowledge of the Companies, among such holders, relating to the sale or transfer (including agreements relating to rights of first refusal, co-sale rights or “drag-along” rights), registration under the Securities Act, or voting, of any Equity Interests of any Company, except as set forth in **Section 4.5(d) of the Company Disclosure Schedule**, which agreements are to be terminated as of the Closing Date.



(e) The Transaction Consideration Schedule, when delivered to the Parent in accordance with Section 3.4(a), will be true and correct in all respects, and the allocation of the Transaction Consideration as described thereon is consistent with, and is not in violation of, the terms and conditions of this Agreement, the Company Governing Documents, applicable Law and the terms of all Options and Warrants.

4.6 Subsidiaries. MP Holdings and OnRamp collectively own all of the outstanding Equity Interests of Surgical Biologics. Other than the Equity Interests of Surgical Biologics owned by MP Holdings and OnRamp, no Company controls, directly or indirectly, or holds or owns, directly or indirectly, any Equity Interests in, any Person.

#### 4.7 Financial Statements.

(a) Surgical Biologics has previously delivered to the Parent true and complete copies of the Financial Statements. The Financial Statements: (i) have been prepared in accordance with the books and records of the Companies; (ii) present fairly, in all material respects, the assets, liabilities, and financial condition of Surgical Biologics as of the respective dates thereof, and the results of operations for the periods covered thereby; and (iii) have been prepared in accordance with past practices, consistently applied, provided that the unaudited Financial Statements are subject to normal year-end audit adjustments that will not be, individually or in the aggregate, material in magnitude with respect to such unaudited Financial Statements and do not contain explanatory footnotes.

(b) There are no liabilities or obligations of the Companies of any kind or nature whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (i) liabilities or obligations disclosed or provided for in the Balance Sheets; (ii) liabilities or obligations under this Agreement; and (iii) liabilities or obligations set forth in **Section 4.7(b) of the Company Disclosure Schedule**.

(c) Surgical Biologics maintains a system of internal controls over financial reporting sufficient to provide reasonable assurance (i) that transactions are executed and access to assets is permitted only in accordance with management's general or specific authorization; (ii) that transactions are recorded as necessary to permit preparation of financial statements in accordance with past practices, consistently applied, and to maintain asset accountability; and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of the such Company's assets. No Company has received any oral or written notification of any "significant deficiency" or "material weakness" in such Company's internal controls over financial reporting. There is no outstanding "significant deficiency" or "material weakness" which any Company's independent accountants certify has not been appropriately and adequately remedied by such Company. For purposes of this Agreement, the terms "significant deficiency" and "material weakness" shall have the meanings assigned to them in Release 2004-001 of the Public Company Accounting Oversight Board, as in effect on the date hereof.

(d) No Company is a party to, or has any commitment to become a party to, any joint venture, off balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among such Company, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand) or any “off balance sheet arrangements” (as defined in Item 303(a) of Regulation S-K under the Exchange Act), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, such Company in such Company’s published financial statements. No Company is, ever has been, or has any commitment to become, party to any financial arrangement (reciprocal or otherwise) the effect of which was, is, or will be the artificial increase or decrease in one or more financial performance indicators (e.g., sales, net income, operating expense, etc.) of such Company.

4.8 Absence of Certain Changes or Events. Since the Balance Sheet Date, the Companies have carried on their respective businesses in all material respects in the ordinary course and consistent with past practice. Except as disclosed in **Section 4.8 of the Company Disclosure Schedule**, since the Balance Sheet Date, no Company has:

(a) incurred any material obligation or liability except in the ordinary course of business and consistent with past practice, or conducted its business except in the ordinary course and consistent with past practice;

(b) experienced any Company Material Adverse Effect;

(c) made any change in accounting principle or practice or in its method of applying any such principle or practice;

(d) suffered any material damage, destruction, or loss, whether or not covered by insurance, affecting its properties, assets, or business;

(e) mortgaged, pledged, or subjected to any material Lien, or granted to third parties any material rights in, any of its assets, tangible or intangible;

(f) sold or transferred any of its material assets or acquired any material assets, except in the ordinary course of business and consistent with past practice, or cancelled or compromised any debts or waived any claims or rights of a material nature;

(g) issued any Equity Interests other than pursuant to an Equity Plan or redeemed or repurchased any Stock or other Equity Interests, excepting, however, the issuance of Equity Interests of MP Holdings to the MP Holdings Members;

(h) other than in the ordinary course of business and consistent with past practice, made any payment or granted any general or specific increase in the compensation payable or to become payable to any of its Employees or any bonus or service award or other like benefit, or instituted, increased, augmented, or improved any Benefit Plan;

(i) amended any articles of organization or charter, operating agreement or other organizational document of any Company (whether by merger consideration or otherwise);

(j) made any loans, advances or capital contributions to, or investments in, any other Person (other than routine travel and entertainment advances to employees)

(k) forgiven or canceled any debt or claim, or waived any rights, having a value in excess of Twenty-Five Thousand U.S. Dollars (U.S. \$25,000);

(l) incurred a capital expenditure or liability in respect thereof exceeding Fifty Thousand U.S. Dollars (U.S. \$50,000) individually or One Hundred Thousand U.S. Dollars (U.S. \$100,000) in the aggregate;

(m) declared or paid any dividends, or made any distributions of, any Stock or other Equity Interests;

(n) settled or proposed to settle any lawsuit or claim or threatened any lawsuit or claim; or

(o) entered into any Contracts to do any of the foregoing.

4.9 Legal Proceedings, Etc. Except as disclosed in **Section 4.9 of the Company Disclosure Schedule**, there are no, nor have there ever been any, claims, actions, suits, inquiries, hearings, or investigations (collectively, "**Actions**") pending or, to the knowledge of the Companies, threatened against a Company and, to the knowledge of the Companies, there are no facts or circumstances that could reasonably give rise to any Action. To the knowledge of the Companies, no Employee is subject to any writ, order, judgment, injunction or decree of any Governmental Entity that prohibits such employee from engaging in or continuing any conduct, activity or practice relating to the business of the Companies, nor to the knowledge of the Companies are there any Actions pending or threatened involving such matters. No Company is subject to any writ, order, judgment, injunction or decree of any Governmental Authority. There is no Action pending, or to the knowledge of the Companies, threatened against a Company relating to or affecting the Transaction.

#### 4.10 Taxes.

(a) Each Company has timely and duly filed all federal income Tax Returns and all other material Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all material respects and were prepared in material compliance with all applicable laws and regulations. All material Taxes due and owing by each Company (whether or not shown on any Tax Return) have been paid. To the knowledge of the Companies, no claim has ever been made by an authority in a jurisdiction where any Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction.

(b) The unpaid Taxes of the Companies (i) did not, as of the Balance Sheet Date, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Companies in filing their Tax Returns. Since the date of the Balance Sheet Date, no Company has incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the ordinary course of business consistent with past custom and practice.

(c) No federal, state, local, or non-U.S. tax audits or administrative or judicial Tax proceedings are pending or, to the knowledge of the Companies, threatened with respect to any Company. No Company has received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where any Company has not filed Tax Returns) any written (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against any Company. No issue has arisen in any examination of any Company by any taxing authority that, if raised with respect to the same or substantially similar facts arising in any other Tax period not so examined, would result in a deficiency for such other period, if upheld.

(d) There are no agreements or applications by any Company for an extension of time for the assessment or payment of any Taxes nor any waiver of the statute of limitations in respect of Taxes. No Company has applied for a ruling relative to Taxes (other than an S corporation election), entered into a closing agreement with any taxing authority, or made or entered into any election (other than an S corporation election), consent or agreement as to Taxes in effect with respect to any Company that will remain in effect following the Closing.

(e) There are no Liens for Taxes on any of the assets of the Companies, except for Liens for Taxes not yet due or payable.

(f) No Company is a party to or bound by any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement, or similar Contract, and the Companies do not have any liability for Taxes of any Person (other than itself) under Treasury Regulation 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(g) Each Company has, within the time and manner prescribed by Law, withheld and paid to the proper taxing authority all amounts required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, including with respect to the exercise, cancellation, or disposition of any Option or Warrant.

(h) No Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date;

(iii) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law);

(iv) installment sale or open transaction disposition made on or prior to the Closing Date;

(v) prepaid amount received on or prior to the Closing Date; or

(vi) any similar election, action, or agreement that would have the effect of deferring any Liability for taxes of any Company from any period ending on or before the Closing Date to any period ending after such date.

(i) No power of attorney has been granted by any Company or is currently in force with respect to any matter relating to Taxes.

(j) No Company is a party to or a member of any joint venture, partnership, disregarded entity or other arrangement that is treated as a partnership for federal income tax purposes.

(k) No Company has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency, or the collection of any Tax, which remains outstanding.

(l) **Section 4.10(l) of the Company Disclosure Schedule** lists all federal, state, local, and non-U.S. income Tax Returns filed with respect to any of the Companies for taxable periods ended on or after December 31, 2006, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Companies have made available to the Parent correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Companies filed or received since December 31, 2006.

(m) **Section 4.10(m) of the Company Disclosure Schedule** sets forth the following information with respect to each of the Companies as of the most recent practicable date (as well as on an estimated pro forma basis as of the Closing giving effect to the consummation of the transactions contemplated hereby): (i) the basis of each Company in its assets; (ii) the amount of any net operating loss, net capital loss, unused investment or other credit, unused foreign tax credit, or excess charitable contribution allocable to each Company; and (iii) the amount of any deferred gain or loss allocable to each Company arising out of any intercompany transaction.

(n) No Company is a party to any Contract or Benefit Plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any “excess parachute payments” within the meaning of Section 280G of the Code or any similar provision of foreign, state, or local law, and (ii) any amount that will not be fully deductible as a result of Code Section 162(m) (or any corresponding provision of state, local, or non-U.S. tax law).

(o) Any “non-qualified deferred compensation plan” (as such term is defined under Section 409A(d)(1) of the Code and the guidance issued thereunder) of each Company under which such Company makes, is obligated to make, or promises to make any payments or other awards (i) meets and has met the requirements of Code Sections 409A(a)(2), (3) and (4), (ii) is and has been operated in accordance therewith, (iii) is and has been operated in good faith compliance with the transitional relief and all guidance and regulations provided by the Internal Revenue Service under Section 409A of the Code, and (iv) has not been funded by an off-shore arrangement described in Code Section 409A(b)(1).

(p) No Company has been a United States real property holding limited liability company within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii).

(q) Each of the Companies has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662.

(r) No Company is or has been a party to any “reportable transaction,” as defined in Code Section 6707A(c)(1) and Reg. Section 1.6011-4(b), or any “tax shelter” as defined in former Code Sections 6111(c) or (d).

(s) MP Holdings shall make a valid election pursuant to Treasury Regulation Section 301.7701-3(c)(1)(v)(C) to be taxed as an S corporation within the meaning of Code Sections 1361 and 1362 effective no later than December 22, 2010 and will be an S corporation up to and including the Closing Date. OnRamp has made a valid election pursuant to Treasury Regulation Section 301.7701-3(c)(1)(v)(C) to be taxed as an S corporation within the meaning of Code Sections 1361 and 1362 effective prior hereto and will be an S corporation up to and including the Closing Date. Neither MP Holdings nor OnRamp has any potential liability for any Tax under Code Section 1374. Surgical Biologics is taxed as a partnership for federal income Tax purposes, has not made an election pursuant to Treasury Regulation Section 301.7701-3 to be taxed as an association taxable as a corporation, and will not make such election up to and including the Closing Date.

(t) None of the assets of any Company (i) is tax-exempt use property within the meaning of Code Section 168(h), (ii) directly or indirectly secures any debt the interest on which is exempt under Code Section 103(a) or (iii) is property that is required to be treated as owned by any Person (other than the Company or any of the Subsidiaries) pursuant to the provisions of Code Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, and in effect immediately before the enactment of the Tax Reform Act of 1986.

(u) No Company owns any property of a character, the indirect transfer of which, pursuant to this Agreement, would give rise to any documentary, stamp, or other transfer Tax.

(v) No Company has a permanent establishment or branch outside the United States or conducts business outside the United States in such a way that it is deemed to have a permanent establishment or a foreign branch, as that term is defined in Temporary Treasury Regulation Section 1.367(a)-6T(g)(1) or any other applicable Law.

(w) There is no limitation on the utilization by any Company of its net operating losses, built-in losses, Tax credits, or similar items under Sections 382, 383, or 384 of the Code or comparable provisions of state Law.

(x) No Company has ever participated in or cooperated with an international boycott within the meaning of Section 999 of the Code or has been requested to do so in connection with any transaction or proposed transaction.

#### 4.11 Title to Properties and Related Matters.

(a) Each Company has good, valid and marketable title to all personal property, tangible or intangible, which it purports to own, including the properties reflected on the Balance Sheet or acquired after the date thereof (other than properties and assets sold or otherwise disposed of in the ordinary course of business, consistent with past practice, since the Balance Sheet Date), free and clear of any Liens other than the Liens on such assets as set forth in **Section 4.11(a) of the Company Disclosure Schedule**, which Liens are to be released as of the Closing Date, and any Lien for any Taxes not yet due and payable.

(b) No Company owns any real property or any interest in real property. **Section 4.11(b) of the Company Disclosure Schedule** sets forth a list of all real property ("**Leased Real Property**") and personal property leases to which each Company is a party, which list also sets forth the date of the lease, the date of any amendments and supplements thereto (collectively, the "**Property Leases**"), the expiration date of the lease, and the extent of any unexercised renewal options thereunder. The Companies have previously made available to the Parent complete and correct copies of each Property Lease (and any amendments or supplements thereto) listed in **Section 4.11(b) of the Company Disclosure Schedule**. Each such Property Lease is valid and binding, and in full force and effect, except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights and general equitable and fiduciary principles may affect such validity or enforceability. No Company nor, to the knowledge of the Companies, any other party is in default under any such Property Lease, and no event has occurred which constitutes, or with the lapse of time or the giving of notice or both would constitute, a default by the Company a party thereto or, to the knowledge of the Companies, a default by any other party under such lease. To the knowledge of the Companies, there are no material disputes or disagreements between any Company and any other party with respect to any such Property Lease. The Property Leases afford the Companies peaceful and undisturbed possession of the Leased Real Property. Following completion of the Transactions, each of the Companies shall continue to have valid leasehold interests in all of its respective Leased Real Property, in each case free and clear of any and all Liens. The Leased Real Property constitutes all real properties used or occupied by the Companies, or reflected in the Financial Statements. With respect to the Leased Real Property: (a) the Companies have all easements and rights necessary to conduct their business; (b) no portion thereof is subject to any pending, or to the knowledge of the Companies, any threatened, condemnation proceeding or other proceeding by any public authority; (c) the building, plants and structures, including heating, ventilation and air conditioning systems, roof, foundation and floors, are in good operating condition and repair, subject only to ordinary wear and tear; (d) the buildings, plants and structures are not, and the operation of the each of the Companies' business at its respective Leased Real Property is not, in violation of any zoning or other legal requirement (including, without limitation, obtaining all approvals of or permits from any Governmental Authority required in the operation thereof); (e) there are no leases, subleases, licenses, concessions or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of any parcel of Leased Real Property; and (f) the Leased Real Property is supplied with utilities and other services necessary for the operation of such facilities as conducted by the Companies.

(c) **Section 4.11(c) of the Company Disclosure Schedule** sets forth a list of all material equipment, machinery, instruments, vehicles, furniture, fixtures, and other items of personal property currently owned or leased by each Company. All such personal property is in suitable operating condition, ordinary wear and tear excepted, is physically located in or about one of the Companies' places of business, is owned by one of the Companies or is leased (with such Company having a valid leasehold interest) by one of the Companies under one of the leases set forth in **Section 4.11(b) of the Company Disclosure Schedule**, conforms to all applicable Laws, and, taken together, is sufficient for the conduct of the business of the Companies as currently conducted and proposed to be conducted.

4.12 **Company Intellectual Property; Proprietary Rights; Employee Restrictions.**

(a) Each Company owns and has good and exclusive right, title, and interest to, or has an exclusive license to, each item of its Company Intellectual Property, free and clear of any Lien. Each Company has a non-exclusive license to other Intellectual Property used by the Company pursuant to Company Licenses, free and clear of any Lien. All patents, patent applications, copyrights, trade names, common law trademarks and service marks, and trademark and service mark registrations included in the Company Intellectual Property or, to the knowledge of the Companies, Intellectual Property used by a Company are in full force and effect. Except as set forth on **Section 4.12(b) of the Company Disclosure Schedule**, no Company Intellectual Property or product or service of the Companies is subject to any proceeding or outstanding decree, order, judgment, stipulation, contract, license, or agreement to which a Company is a party, restricting in any manner the use, transfer, or licensing thereof or which may affect the validity, use, or enforceability of such Company Intellectual Property.

(b) Set forth in **Section 4.12(b) of the Company Disclosure Schedule** is a list of (i) all Company Intellectual Property, (ii) all Contracts under which a third party has granted to a Company a license to such third party's Intellectual Property (in each case, excluding off-the-shelf software programs licensed by a Company pursuant to "shrink wrap" licenses) and (iii) all Contracts under which a Company has granted to a third party a license to Company Intellectual Property (excluding non-exclusive licenses entered into in the ordinary course of business). In the case of any Contracts disclosed pursuant to the immediately preceding sentence, **Section 4.12(b) of the Company Disclosure Schedule** also sets forth whether each such Contract is exclusive or non-exclusive. True and correct copies of all material licenses, assignments, and releases to which a Company is a party and relating to any Company Intellectual Property owned or purported to be owned by a Company or other Intellectual Property used by the Companies ("**Company Licenses**") have been provided or made available to the Parent prior to the date hereof, all of which are valid and binding agreements of the parties thereto, enforceable in accordance with their terms except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights and general equitable and fiduciary principles may affect such validity or enforceability.



(c) Except as set forth in **Section 4.12(c) of the Company Disclosure Schedule**, to the extent that any Intellectual Property has been developed, created, modified, or improved by an Employee and such Intellectual Property, or the subject matter thereof, is related to the business of a Company or any of the products or services being researched, developed, manufactured or sold by a Company, such Company has a written agreement with such Employee that assigns to the Company ownership of such Intellectual Property, each of which is a valid and binding agreement of the parties thereto, enforceable in accordance with its terms except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights and general equitable and fiduciary principles may affect such validity or enforceability; and it thereby has obtained ownership of, and is the exclusive owner of such work, material, or invention by operation of law or by valid assignment. To the extent that any Intellectual Property has been developed, created, modified, or improved by a third party specifically for the benefit of a Company, such Company has a written agreement with such third party that assigns to the Company ownership of such Intellectual Property, each of which is a valid and binding agreement of the parties thereto, enforceable in accordance with its terms except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights and general equitable and fiduciary principles may affect such validity or enforceability; and it thereby has obtained ownership of, and is the exclusive owner of such work, material, or invention by operation of law or by valid assignment. In each case where a patent included in Company Intellectual Property is owned or purported to be owned by a Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all similar offices and agencies anywhere in the world in which foreign counterparts are registered or issued. Each Company has the right to use all trade secrets, data, customer lists, logical data models, physical data models, SQLs, log files, hardware designs, programming processes, software, and other information required for or used in its products or business as presently conducted.

(d) To the knowledge of the Companies, neither the operation of the Business, as currently conducted or currently proposed to be conducted, nor any activity of a Company, has infringed or does infringe the patents of any third party. Neither the operation of the Business conducted or as currently proposed to be conducted, nor any activity of a Company, has infringed or misappropriated or does infringe or misappropriate the Intellectual Property (other than patents) of any third party.

(e) There are no pending or, to the knowledge of the Companies, threatened claims against a Company alleging that the operation of the Business of such Company, as currently conducted or currently proposed to be conducted, or any activity of such Company, has infringed or misappropriated or does infringe or misappropriate the Intellectual Property of any third party.

(f) To the knowledge of the Companies, no Person has or is infringing or misappropriating any Company Intellectual Property or other Intellectual Property used by a Company in any of its products or services, or has or is violating the confidentiality of any of its proprietary information obligations under written agreements with a Company and with respect to any of the Companies' proprietary information.

(g) All Intellectual Property purported to be owned by a Company which were developed or worked on by any Employee, former employee, Consultant, or current or former officer or director of such Company specifically for such Company are owned free and clear of any Liens by such Company by operation of law or have been validly assigned to such Company and such assignments have been provided to the Parent and are valid binding agreements of the parties thereto, enforceable in accordance with their terms except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors' rights and general equitable and fiduciary principles may affect such validity or enforceability.

(h) All Company Intellectual Property that has been issued by, or registered with, or is the subject of an application filed with, as applicable, the U.S. Patent and Trademark Office, the U.S. Copyright Office or any similar office or agency anywhere in the world have been duly maintained (including the payment of maintenance fees) and are not expired, cancelled or abandoned and, to the knowledge of the Company, are valid and enforceable.

(i) None of the Company Intellectual Property that has been issued by, or registered or the subject of an application filed with, as applicable, the U.S. Patent and Trademark Office, the U.S. Copyright Office or in any similar office or agency anywhere in the world is subject to any maintenance fees or taxes or actions falling due within sixty (60) days after the Closing Date.

(j) No Company has any obligation to compensate any Person for the use of any Intellectual Property, and no Company has entered into any agreement to indemnify any other person against any claim of infringement or misappropriation of any Intellectual Property.

(k) Each Company has taken reasonable security measures to protect the secrecy, confidentiality and value of all trade secrets included in the Company Intellectual Property, and no Company has released, transferred, or otherwise disclosed any Company Intellectual Property in a manner that jeopardizes the Company Intellectual Property or the validity, use, or enforceability of the Company Intellectual Property.

(l) No Company has granted, directly or indirectly, any current or contingent rights, licenses or interests in or to any source code of any or all of the software products of such Company. Since each Company developed the source code of any and all of the software products of such Company, such Company has not provided or disclosed any or all of such source code to any person or entity.

(m) Each product of each Company performs substantially and materially in accordance with its documented specifications and as each Company has warranted to its customers.

(n) None of the software products of a Company contain any "viruses", "worms", "time bombs", "key-locks", or any other devices intentionally created by such Company that could disrupt or interfere with the operation of such product or equipment upon which such product operates, or the integrity of the data, information or signals such product produces.

(o) **Section 4.12(o) of the Company Disclosure Schedule** lists all of the software licensed from another party under a license commonly referred to as an open source, free software, copyleft or community source code license (including but not limited to any library or code licensed under the GNU General Public License, GNU Lesser General Public License, Apache Software License, or any other public source code license arrangement) that is incorporated in, linked or called to or otherwise used by any and all of the software products of a Company. The incorporation, linking, calling or other use in or by any software product of a Company of any such software listed in **Section 4.12(o) of the Company Disclosure Schedule** does not obligate a Company to disclose, make available, offer or deliver any portion of the source code of all or any portion of any software product of a Company to any third party, other than the software listed in **Section 4.12(o) of the Company Disclosure Schedule**.

(p) In connection with any collection or use of personally identifiable information, each Company has complied with all applicable statutes and regulations in all relevant jurisdictions and its privacy policy (if any) relating to the collection, storage, use and onward transfer of all personally identifiable information collected by a Company or by third parties having authorized access to a Company's databases or other records.

(q) Following the Effective Time, the Surviving Companies will have the same rights and privileges in the Company Intellectual Property as each Company had in the Company Intellectual Property immediately prior to the Effective Time.

#### 4.13 Contracts.

(a) Except as set forth in **Section 4.13(a) of the Company Disclosure Schedule**, no Company is a party, or subject, to:

(i) any Contract, or series of related Contracts, which involves annual expenditures or receipts by such Company of more than \$5,000;

(ii) any note, indenture, credit facility, mortgage, security agreement, or other Contract relating to or evidencing Indebtedness of such Company for borrowed money of more than \$5,000;

(iii) any Contract of indemnification or guaranty issued by such Company of more than \$5,000;

(iv) any Contract relating to the acquisition, issuance, or transfer of any Equity Interests of such Company (excluding stock option grant notices and stock option agreements issued under an Equity Plan in the form previously made available to the Parent);

(v) any Contract granting to any Person the right to use any material property or material property right of such Company;

(vi) any Contract restricting the right of such Company to (A) engage in any business activity or compete with any business, or (B) develop or distribute any Intellectual Property;

(vii) any Contract relating to the employment of, or the performance of services of, any Employee, Consultant, or officer or director of such Company and pursuant to which such Company is required to pay more than \$5,000 per year;

(viii) any Contract with a Related Person or Employee;

(ix) any bonus, deferred compensation, pension, profit sharing, or retirement plans, or any employee benefit plans or arrangements;

(x) any Contract involving or related to joint research, design, or development;

(xi) any Contract with any customer, the performance of which will involve consideration of more than \$5,000 in any one calendar year;

(xii) any other Contract involving future payments by such Company of more than \$5,000 and is not cancelable without penalty within thirty (30) days of written notice of such cancellation;

(xiii) any Contract made outside the ordinary course of business or inconsistent with past practice;

(xiv) any Contract not terminable at will by the Companies without any cost, penalty, or other obligation of the Company upon notice within thirty (30) days, other than such Contracts entailing past or reasonably expected future amounts less than \$5,000 in the aggregate (including, without limitation, any obligation to pay severance or other amounts, other than accrued base salary, accrued bonuses, accrued commissions, accrued vacation pay, accrued floating holidays and legally mandated benefits)

(xv) any Contract which provides for “exclusivity” or any similar requirement in favor of any person other than the Companies;

(xvi) each Contract of a nature for which the Company has a standard form agreement but that materially deviates from such standard form agreement;

(xvii) each Contract providing for payments of royalties, franchise fees, commissions, other license fees or other transactional fees to third parties;

(xviii) any Contract that is otherwise material to the business or the Companies as presently conducted; and

(xix) any binding outstanding offer, commitment, or obligation to enter into any Contract of the nature described in subsections (i) through (xviii) of this Section 4.13(a).

(b) Each Company has previously made available to the Parent complete and correct copies (or, in the case of oral contracts, a complete and correct description) of any Contract (and any amendments or supplements thereto) listed in Section 4.13(a) of the Company Disclosure Schedule. Each Contract listed in Section 4.13(a) of the Company Disclosure Schedule and each Contract that is otherwise required to be disclosed in Section 4.13(a) of the Company Disclosure Schedule (collectively, the “Material Contracts”) is in full force and effect except to the extent that applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors’ rights and general equitable and fiduciary principles may affect such validity or enforceability. No Company nor, to the knowledge of the Companies, any other party is in default under any Material Contract, and, to the knowledge of the Companies, no event has occurred which constitutes a material default by any Company or any other party under such Material Contract. Section 4.13(b) of the Company Disclosure Schedule identifies each Material Contract listed in Section 4.13(a) of the Company Disclosure Schedule that requires the consent of or notice to the other party thereto to avoid any default, violation, or breach of such Material Contract in connection with the execution and delivery of this Agreement and the consummation of the Transactions.

#### 4.14 Inventory; Warranties.

(a) All inventory of each Company, whether or not reflected on such Company's Balance Sheet, is of a quality and quantity usable and saleable in the ordinary course of business, except for obsolete items and items of below-standard quality, all of which have been written-off or written-down to net realizable value on such Company's Balance Sheet or on such Company's accounting records as of the date of this Agreement, as the case may be, in accordance with GAAP and none of which, individually or in the aggregate, is material to the Business of the Company, as applicable. All inventory of a Company not written-off has been valued on such Company's Balance Sheet or accounting records at the lower of cost or market value on a weighted average basis.

(b) No product or service manufactured, sold, leased, licensed, or delivered by any Company is subject to any guaranty, warranty, right of return, right of credit, or other indemnity other than the applicable standard terms and conditions of sale or lease of the Companies, which are set forth in **Section 4.14 of the Company Disclosure Schedule**.

#### 4.15 Employees; Employee Benefits.

(a) **Section 4.15(a) of the Company Disclosure Schedule** sets forth: (i) the names of all of the current Employees and, with respect to each Employee, such Employee's date of hire, job title, and annual salary, bonus and other compensation for the years ending December 31, 2008 and December 31, 2009; (ii) the liability, if any, of each Company for accrued but unused sick pay and accrued but unused vacation time; and (iii) the obligations, if any, of any Company under an Equity Plan. Complete and correct copies of all written agreements (or, in the case of oral agreements, a complete and correct description) with all current Employees and all employment policies, and all amendments and supplements thereto, have previously been made available or delivered to the Parent, and a list of all such agreements and policies is set forth in **Section 4.15(a) of the Company Disclosure Schedule**. No Company has received from any current Employee written notice of such Employee's desire to terminate his or her employment nor, to the knowledge of the Company, does any Employee have current plans to do so. Each Company has good working relationships with each of its Employees. No Company is delinquent in payments to any Employee for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for such Company or amounts required to be reimbursed to such Employee.

(b) Each Company has complied (and continues to be in compliance) in all material respects with Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986, the Americans with Disabilities Act, and all comparable state laws, and all applicable Laws governing payment of minimum wages and overtime rates, the withholding and payment of taxes from compensation, discriminatory practices with respect to employment and discharge, or otherwise relating to the conduct of employers with respect to employees or potential employees, and there have been no claims made or, to the knowledge of the Companies, threatened thereunder against any Company arising out of, relating to, or alleging any violation of any of the foregoing during calendar year 2007, 2008, 2009 and/or 2010. There are no material controversies, strikes, work stoppages, picketing, or disputes pending or, to the knowledge of the Companies, threatened between the Companies and any of the Employees or former employees. No labor union or other collective bargaining unit represents or has ever represented any of the Employees, including any “leased employees” (within the meaning of Section 414(n) of the Code). To the knowledge of the Companies, no organizational effort by any labor union or other collective bargaining unit is currently in process or threatened with respect to any Employees and the consent of no labor union or other collective bargaining unit is required to consummate the Transactions.

(c) **Section 4.15(c) of the Company Disclosure Schedule** sets forth a list of each Benefit Plan of the Companies and each eligible participant in such Benefit Plan.

(d) Each Benefit Plan has been established and administered, in all material respects, in accordance with its terms, and in compliance with the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations. Each Benefit Plan maintained by the Companies or any ERISA Affiliate of the Companies which has been intended to qualify under Section 401(a) or 501(c)(9) of the Code has received a favorable determination or approval letter from the IRS regarding its qualification under such section and has, in fact, been qualified under the applicable section of the Code from the effective date of such Benefit Plan through and including the Closing Date (or, if earlier, the date that all of such Benefit Plan’s assets were distributed). No event or omission has occurred which would cause any Benefit Plan to lose its qualification or otherwise fail to satisfy the relevant requirements to provide tax-favored benefits under the applicable Code Section (including without limitation Code Sections 105, 125, 401(a) and 501(c)(9)). For purposes of this Section 4.15, an entity is an “**ERISA Affiliate**” of a Company if it would have ever been considered a single employer with the Company under ERISA Section 4001(b) or part of the same “controlled group” as a Company under Section 414 of the Code.

(e) Each Benefit Plan that is an “employee welfare benefit plan” (as defined in Section 3(1) of ERISA) either has timely filed all reports required under Section 104(a) of ERISA or was exempt from such annual reporting requirements. No Benefit Plan is a “voluntary employees beneficiary association” (within the meaning of Section 501(c)(9) of the Code) and there have been no other “welfare benefit funds” (within the meaning of Section 419 of the Code) relating to Employees or former employees.

(f) With respect to each Benefit Plan, the Companies have each heretofore made available to the Parent complete and correct copies of the following documents, where applicable and to the extent available: (i) the most recent annual report (Form 5500 series), together with schedules, as required, filed with the IRS, and any financial statements and opinion required by Section 103(a) (3) of ERISA; (ii) the most recent determination letter issued by the IRS; (iii) the most recent summary plan description and all modifications, as well as all other descriptions distributed to Employees or set forth in any manuals or other documents; (iv) the text of the Benefit Plan and of any trust, insurance, or annuity contracts maintained in connection therewith; and (v) the most recent actuarial report, if any, relating to the Benefit Plan.

(g) No Benefit Plan is or has within the past six (6) years been subject to Section 412 of the Code or Title IV of ERISA. Neither the Companies nor any of their ERISA Affiliates have ever had any obligation to contribute to any “multiemployer plan” within the meaning of Section 3(37) of ERISA. The Companies have no obligations for retiree health and life benefits under any Benefit Plan, other than coverage as may be required under Section 4980B of the Code or Part 6 of Title I of ERISA, or under any applicable continuation of coverage provisions of the Laws of any state or locality.

(h) Each Benefit Plan may be amended, terminated, or otherwise modified by the applicable Company to the greatest extent permitted by applicable law, including the elimination of any and all future benefit accruals under any Benefit Plan, and no employee communications or provision of any Benefit Plan document has failed to effectively reserve the right of the applicable Company to so amend, terminate or otherwise modify such Benefit Plan.

(i) Except as provided in this Agreement, no Benefit Plan exists that, as a result of the execution of this Agreement, Member approval of this Agreement, or the transactions contemplated by this Agreement (whether alone or in connection with any subsequent event(s)), could result in (i) severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any Benefit Plan, or (iii) limit or restrict the right of any of the Companies to merge, amend or terminate any Benefit Plan.

(j) With respect to any Benefit Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the knowledge of the Companies, threatened, (ii) to the knowledge of the Companies, no facts or circumstances exist that could give rise to any such actions, suits or claims, and (iii) to the knowledge of the Companies, no administrative investigation, audit or other administrative proceeding by the Department of Labor, the IRS or other governmental agencies are pending, threatened or in progress.

(k) Except as disclosed on **Section 4.15(k) of the Company Disclosure Schedule**, no Benefit Plan is a nonqualified deferred compensation plan, as such term is defined under Section 409A(d)(1) of the Code and the guidance thereunder (a “**409A Plan**”) nor are there any so-called “rabbi trusts” or “secular trusts” established to satisfy, in whole or in part, the obligations of any such plan. Each 409A Plan complies in all respects, in both form and operation, with the requirements of Section 409A of the Code and the Treasury regulations and guidance thereunder. No Option provides or provided for a deferral of compensation subject to Section 409A of the Code, and all Options vesting after December 31, 2004 were granted with an exercise price equal to at least one hundred percent (100%) of the fair market value of the underlying Equity Interest on the date the Option was granted based upon a reasonable valuation method acceptable for purposes of both Section 409A and GAAP.

(l) **Section 4.15(l) of the Company Disclosure Schedule** sets forth a description of all severance, termination, change of control or other similar obligations and policies of the Companies, including any amounts that will become payable to each employee at the Closing or otherwise in connection with the transactions contemplated by this Agreement.

4.16 **Consultants. Section 4.16 of the Company Disclosure Schedule** sets forth a list of the names and addresses of each Consultant currently engaged by the Companies, the commission rates or other compensation applicable with respect to each such Consultant and the amount of commissions or other compensation earned by each such Consultant during 2010 and for the twelve (12) months ended December 31, 2009. Complete and correct copies of all current Contracts between any Company and any such Consultant have previously been made available to the Parent, each of which is listed in **Section 4.16 of the Company Disclosure Schedule**.

4.17 **Environmental, Health, and Safety Matters**. Each Company possesses all Permits required under, and is in compliance with in all material respects, all Environmental Laws and is in compliance with in all material respects all applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables contained in such Environmental Laws or contained in any Law, plan, notice, Permit, or demand letter issued, entered, promulgated, or approved thereunder, except where the failure to possess Permits or to be in compliance would not have a Company Material Adverse Effect. To the knowledge of the Companies, there is no fact or circumstance which could form the basis for the assertion of any claim against any Company under any Environmental Laws, including CERCLA or any similar Law, with respect to any on-site or off-site location.

4.18 **Compliance with Applicable Laws; Privacy**. There is not currently outstanding or, to the knowledge of the Companies, threatened, any order, writ, injunction, or decree of any Governmental Entity against or involving any Company. To the knowledge of the Companies, the Companies are in compliance with all Laws applicable to the Companies and the Business, including those relating to antitrust and trade regulation, civil rights, labor and discrimination, safety, health, and confidentiality of health records and administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996. No Company has used or uses any of the patient information that it has, or has had, access to in an unlawful manner, or in a manner in violation of its privacy policy or the privacy rights of such patients. No Company has collected any patient information in an unlawful manner or in violation of its privacy policy. Each of the Companies has commercially reasonable security measures in place to protect the patient information it receives or has access to from illegal use by third parties or use by third parties in a manner violative of the rights of privacy of such patients.

4.19 **Permits. Section 4.19 of the Company Disclosure Schedule** sets forth a list of all material Permits issued to or held by each Company. Such listed Permits are the only Permits that are required for such Company to conduct its Business as presently conducted, except for those the absence of which, individually or in the aggregate, have not had and will not reasonably be expected to have a Company Material Adverse Effect. Each such Permit is valid and in full force and effect; the applicable Company is in compliance with the terms of each such Permit; and, to the knowledge of the Companies, no suspension or cancellation of such Permit is threatened and there is no basis for believing that such Permit will not be renewable upon expiration. Each such Permit will continue in full force and effect immediately following the Closing.



4.20 Accounts Receivable. All accounts receivable of the Companies: (a) arose from bona fide transactions in the ordinary course of business and consistent with past practice; (b) are owned by the applicable Company free and clear of any Lien, other than relating to any obligation or liability of any of the Companies described in Section 4.7(b) above; and (c) are fully collectable, subject to a reserve for bad debt not to exceed 2% of the gross accounts receivable set forth in the Balance Sheets. No Company has any accounts receivable or loans receivable from any Person which is affiliated with it or any of its members, managers, officers or employees.

4.21 Accounts Payable. All accounts payable and notes payable of each of the Companies arose in bona fide arm's length transactions in the ordinary course of business and consistent with past practice. Since the Balance Sheet Date, each Company has paid such Company's accounts payable in the ordinary course of its business and in a manner consistent with past practices and has not abnormally delayed any such payments. Except as set forth in Section 4.21 of the Company Disclosure Schedule, no Company has any account payable to any Person which is affiliated with it or any of its stockholders, directors, officers or employees.

4.22 Insurance. Section 4.22 of the Company Disclosure Schedule sets forth a list of all insurance policies carried by each Company with respect to its business, together with, in respect of each such policy, the name of the insurer, the number of the policy, the annual policy premium payable therefor, the limits of coverage, the deductible amount (if any), the expiration date thereof, and each pending claim thereunder. All such policies are in full force and effect and such policies, or other policies covering the same risks, have been in full force and effect, without gaps, continuously for the past two (2) years. All premiums payable under all such policies have been timely paid, and the Companies have otherwise complied fully with the terms and conditions of such policies. Such insurance policies will continue in full force and effect immediately following the Closing. Complete and correct copies of all current insurance policies of the Companies have been made available to the Parent.

4.23 Bank Accounts; Powers of Attorney. Section 4.23 of the Company Disclosure Schedule sets forth a list of: (a) all bank accounts of each Company, together with, with respect to each such account, the account number, the names of all signatories thereof, the authorized powers of each such signatory, and the approximate balance thereof on the date of this Agreement; and (b) the names of all Persons holding powers of attorney from each Company and a summary statement of the terms thereof.

4.24 Minute Books and Company Records. The minute books, records of membership interests, and other company records of the Companies are complete and correct in all material respects, and complete and correct copies (in all material respects) of the minute books and records of capital stock of each Company have been made available to the Parent. Such minute books of each Company contain accurate and complete records in all material respects of all meetings or written consents of the Managers of the Companies and the Members and accurately reflect in all material respects all material company actions which are required by law to be passed upon by the Managers of the Companies, as applicable, and the Members.

4.25 Related Person Indebtedness and Contracts. **Section 4.25 of the Company Disclosure Schedule** sets forth a summary of all Contracts (including Contracts concerning Indebtedness) between any Company, on the one hand, and any Related Person or Employee, on the other hand, or between the Companies. Each Contract set forth in **Section 4.25 of the Company Disclosure Schedule** was, at the time entered into by the applicable Company, approved in all respects in compliance with all applicable law. All amounts contributed by the Members to any Company have been treated as contributions to equity and have not been treated as, nor do they constitute, Indebtedness to the Members. No Related Party or Employee is indebted to the Company and no Related Party or Employee: (a) owns or has owned, directly or indirectly, any equity or other financial or voting interest in any competitor, supplier, licensor, lessor, distributor, independent contractor or customer of any Company; (b) owns or has owned, directly or indirectly, or has or has had any interest in any property (real or personal, tangible or intangible) that is used or necessary to the Business; or (c) has or has had any business dealings or a financial interest in any transaction with any Company or involving any assets or property of such Company.

4.26 Brokers. No broker, investment banker, financial advisor, or other Person is entitled to any broker's, finder's, financial advisor's, or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Companies.

4.27 Customers and Suppliers.

(a) **Section 4.27(a) of the Company Disclosure Schedule** sets forth each Company's ten (10) largest customers as a percentage of revenue for the period ending November 30, 2010 and the years ended December 31, 2008 and December 31, 2009 (together, the "**Material Customers**"). No Company currently has or ever has had any material dispute with any Material Customer. As of the date hereof, no Material Customer has indicated in writing addressed to the Company that it intends to terminate or materially reduce its relationship with the Company, nor, to the knowledge of the Companies, does any Material Customer have current plans to do so.

(b) **Section 4.27(b) of the Company Disclosure Schedule** sets forth each Company's ten (10) largest suppliers as a percentage of expenditures for the period ending November 30, 2010 and the years ended December 31, 2008 and December 31, 2009 (together, the "**Material Suppliers**"). No Company has or has ever had a material dispute with any Material Supplier. No supplier of any Company represents a sole source of supply for goods and services used in the conduct of the Business. As of the date hereof, no Material Supplier has indicated in writing addressed to the Company that it intends to terminate or materially reduce its relationship with any Company, nor, to the knowledge of the Companies, does any Material Supplier have current plans to do so.

4.28 Solvency. No Company has: (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all, of its assets; (d) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (e) admitted in writing its inability to pay its debts as they come due; or (f) made an offer of settlement, extension or composition to its creditors generally.

4.29 Nature and Business of OnRamp. All times since its organization, the sole and exclusive business of OnRamp has been the ownership of Equity Interests of Surgical Biologics (which is its only asset), and OnRamp has not engaged in or entered into any Contract relating to any other business (and has no debts or liabilities).

4.30 Nature and Business of MP Holdings. All times since its organization, the sole and exclusive business of MP Holdings has been the ownership of Equity Interests of Surgical Biologics (which is its only asset), and MP Holdings has not engaged in or entered into any Contract relating to any other business (and has no debts or liabilities).

4.31 Disclosure. No representation or warranty made by the Companies in this Agreement contains any untrue statement of a material fact, or omits to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which it was made, not misleading.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF THE MEMBERS

Each Member hereby jointly and severally represents and warrants to the Acquisition Parties that the statements contained in this ARTICLE V are true and correct. References to the “knowledge” of a Member shall refer to the actual knowledge of such Member.

5.1 Organization. If such Member is not a natural person, such Member is duly organized and validly existing under the laws of the state of its incorporation or formation.

5.2 Authorization; Enforceability. Such Member has all requisite power and authority to enter into this Agreement and any other agreements contemplated hereby to be entered into by such Member and to consummate the Transactions. If such Member is not a natural person, the execution and delivery of this Agreement and the consummation of the Transactions have been duly approved by the trustee, general partner, board of directors, managers or other governing body of such Member, and no other action or approval on the part of such Member is necessary to approve and authorize the execution and delivery of this Agreement or the consummation of the Transactions. This Agreement has been duly executed and delivered by such Member and, assuming due authorization, execution, and delivery of this Agreement by the other parties hereto, constitutes the valid and binding agreement of such Member, enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors’ rights generally and by general equitable and fiduciary principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

5.3 No Violations. The execution and delivery of this Agreement and the consummation of the Transactions will not: (a) violate or conflict with any provision of the organizational documents of such Member, if such Member is not a natural person; (b) breach, violate, or constitute an event of default under, give rise to any right of termination, cancellation, modification, or acceleration under, or require any consent or the giving of any notice under, any note, bond, indenture, mortgage, security agreement, lease, license, franchise, permit, Contract, or other instrument or obligation to which such Member is a party, or by which such Member or its properties or assets may be bound; (c) violate or conflict with any applicable Laws; or (d) require, on the part of such Member, any filing or registration with, or permit, license, exemption, consent, authorization, or approval of, or the giving of any notice to, any Governmental Entity. There is no Action pending or threatened against such Member relating to or affecting the Transactions.

5.4 Ownership and Title to Equity Interest. Such Member owns, and will at Closing (immediately prior to the Mergers) own of record and beneficially the Equity Interests set opposite such Member's name on Schedule 5.4 free and clear of all Liens or restrictions on transfer (other than any restriction under applicable securities Laws). Such Member is not party to (a) any option, warrant, purchase right, right of first refusal, call, put or other Contract (other than this Agreement) that could require such Member to sell, transfer or otherwise dispose of any of such Equity Interests set forth on Schedule 5.4, or (b) any voting trust, proxy or other contract relating to the voting or disposition of any Equity Interests of a Company.

5.5 Advice. Such Member has been advised to consult with its own attorney regarding all legal matters concerning this Agreement and the Transactions and the Tax consequences of the transactions contemplated pursuant to this Agreement, and has done so, to the extent it considers necessary. Each Member acknowledges that the Tax consequences to him or it of entering into this Agreement and the consummation of the Transactions will depend on his or its particular circumstances, and no other party to this Agreement will be responsible or liable for the Tax consequences to him or it of entering into this Agreement or the consummation of the transactions contemplated hereby. Such Member will look solely to, and rely upon, its own advisers with respect to the Tax consequences of entering into this Agreement and the consummation of the Transactions.

5.6 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of such Member.

5.7 Investment Intent. Except as set forth in Schedule 5.7, each Member is an "accredited investor", as defined in Regulation D of the Securities Act, and by reason of such Member's knowledge and experience in financial and business matters, such Member was and is capable of evaluating the risks and merits of acquiring shares of the Parent Common Stock in evaluating such Member's decision to vote in favor of the transactions contemplated hereby and to enter into this Agreement. Each Member will acquire the Parent Common Stock at the Closing for such Member's own account and for investment and not with a view to, or for resale in connection with, the distribution thereof with the meaning of the Securities Act. The Members have no intention of selling or otherwise distributing any portion of the Parent Common Stock (or any interest therein). Each of the Members acknowledges that such Member has had access to all publicly available information concerning the Parent and has had the opportunity to review all such information and to ask questions of management of the Parent to the satisfaction of such Member in making its decision to vote in favor of the transactions contemplated hereby and to enter into this Agreement. Each of the Members understands and acknowledges that the shares of the Parent Common Stock issued to the Members hereunder will not be registered under the Securities Act at the Closing.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF THE ACQUISITION PARTIES

The Acquisition Parties, jointly and severally, represent and warrant to the Companies and the Members that the statements contained in this ARTICLE VI are true and correct. References to the “knowledge” of the Acquisition Parties shall refer to the actual knowledge of the officers of the Acquisition Parties.

6.1 Organization. Each of MP Holdings Acquisition Sub and OnRamp Acquisition Sub is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Georgia. Parent is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida.

6.2 Authorization; Enforceability. Each of the Acquisition Parties has full corporate or company power and authority to execute and deliver this Agreement and any other agreements attached hereto, or entered into in connection herewith, and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly approved by the Manager of each of MP Holdings Acquisition Sub and OnRamp Acquisition Sub, and Parent as the sole member of each of MP Holdings Acquisition Sub and OnRamp Acquisition Sub, and no other corporate or company proceedings on the part of the Acquisition Parties are necessary to approve and authorize the execution and delivery of this Agreement or (subject to the filing of the MP Holdings Articles of Merger pursuant to the GLLCA and the OnRamp Articles of Merger pursuant to the GLLCA) the consummation of the Transactions. This Agreement has been duly executed and delivered by the Acquisition Parties and, assuming due authorization, execution, and delivery of this Agreement by the other parties hereto, constitutes the valid and binding agreement of the Acquisition Parties, enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or other applicable Laws affecting the enforcement of creditors’ rights generally and by general equitable and fiduciary principles of equity regardless of whether such enforceability is considered in a proceeding in equity or at law.

6.3 Consents and Approvals; No Violations. Subject to the filing of the MP Holdings Articles of Merger pursuant to the GLLCA (and approval thereof) and the OnRamp Articles of Merger pursuant to the GLLCA (and approval thereof), the execution and delivery of this Agreement and the consummation of the Transactions by the Acquisition Parties will not: (a) violate or conflict with any provisions of the Articles of Organization, Articles of Incorporation, Bylaws, or Operating Agreement of the Acquisition Parties; (b) breach, violate, or constitute an event of default under, give rise to any right of termination, cancellation, modification, or acceleration under, or require any consent or the giving of any notice under, any note, bond, indenture, mortgage, security agreement, lease, license, franchise, permit, Contract, or other instrument or obligation to which any Acquisition Party is a party, or by which any Acquisition Party or any of its properties or assets may be bound, or result in the creation of any Lien of any third party of any kind upon the properties or assets of any Acquisition Party pursuant to the terms of any such instrument or obligation; (c) violate or conflict with any applicable Laws; or (d) require, on the part of the Acquisition Parties, any filing or registration with, or permit, license, exemption, consent, authorization, or approval of, or the giving of any notice to, any Governmental Entity, in the case of the foregoing clauses (b), (c), and (d), except as would not have a material adverse affect on the Parent.

6.4 Parent Common Stock. The shares of Parent Common Stock included in the Transaction Consideration shall upon issuance thereof be duly authorized, fully paid, non-assessable shares of Parent Comment Stock.

6.5 Brokers. No broker, investment banker, financial advisor, or other Person is entitled to any broker's, finder's, financial advisor's, or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Acquisition Parties.

6.6 Sufficient Funds. The Parent will have on the Closing Date the financial capability to consummate the Transactions on the terms and subject to the conditions set forth in this Agreement.

6.7 Disclosure. No representation or warranty made by the Acquisition Parties in this Agreement contains any untrue statement of a material fact, or omits to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which it was made, not misleading.

## ARTICLE VII

### CONDUCT PRIOR TO THE EFFECTIVE TIME

7.1 Conduct of Business. Except as set forth in Schedule 7.1, during the period commencing on the date hereof and continuing until the earlier of the Effective Time and the termination of this Agreement pursuant to ARTICLE XI, each Company agrees that it, except as otherwise contemplated by this Agreement or agreed to in writing by the Parent:

(a) will carry on its business in the ordinary course and consistent with past practice;

(b) will not declare, set aside, or pay any dividend on or make any other distribution (however characterized) in respect of shares of Stock, nor make any other payments of any kind to any Members (except for regularly scheduled salary payments and expense reimbursement obligations made to Members who are Employees or Consultants);

(c) will not, directly or indirectly, redeem or repurchase, or agree to redeem or repurchase, any of its Equity Interests;

(d) will not amend its articles of organization or operating agreement (by merger, consolidation or otherwise);

(e) will not issue, or agree to issue, any of its Equity Interests or make any other change to its capital structure;

(f) will not combine, split, or otherwise reclassify any of its Equity Interests;

(g) will not form any Subsidiaries;

(h) will use commercially reasonable efforts to preserve intact its present business organization, keep available the services of its officers and Employees, and preserve its relationships with customers and others having business dealings with it;

(i) will not: (i) make any capital expenditures in excess of \$5,000 individually or in the aggregate; (ii) guarantee any Indebtedness; (iii) incur any additional Indebtedness; (iv) create or permit to become effective any Lien on its properties or assets; or (v) enter into any agreement to do any of the foregoing;

(j) will not enter into or amend any employment, consulting, agency, or commission agreement, adopt or amend any Benefit Plan, or increase the salary or other compensation (including bonuses or severance compensation) payable or to become payable to Employees, in each case other than in the ordinary course of business and consistent with past practice;

(k) will not accelerate, amend, or change the period of exercisability or the vesting schedule of Options or Warrants except as specifically required by the terms of such plans or agreements, or enter into any Contract to do any of the foregoing, in each case other than in the ordinary course of business and consistent with past practice;

(l) will not accelerate the creation or collection of accounts receivable or delay the payment of accounts payable or pay, discharge, or satisfy claims, liabilities, or obligations, or cancel, forgive, or prepay any Indebtedness, in each case other than in the ordinary course of business consistent with past practice;

(m) will promptly advise the Parent of the commencement of or threat of (to the extent that such threat comes to the knowledge of the Companies) any claim, action, suit, proceeding, or investigation against, relating to, or involving it or any of its officers, Employees, or Consultants in connection with its business and affairs or the Transactions;

(n) will not make any loans, allowances or capital contributions to, or investments in, any Person;

(o) will maintain in full force and effect, and renew, if required to maintain in full force and effect, all insurance policies maintained by it on the date hereof, including all directors' and officers' liability policies or bonds and all workers compensation policies;

(p) will not enter into any Contract that would be a Material Contract or modify or terminate any Material Contract, or waive, release or assign any material rights of a Company;

(q) will not enter into any Contract to dissolve, merge, consolidate, or, except in the ordinary course of business, sell any of its material assets, or acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial Equity Interest in or substantial portion of the assets of, or by any other manner, any Person, or otherwise acquire or agree to acquire any material assets or any Person;

(r) will not make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to any of the Companies, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any of the Companies, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of any of the Companies for any period ending after the Closing Date or decreasing any Tax attribute of any of the Companies existing on the Closing Date;

(s) will not make any payments to officers, directors, Consultants, or Employees other than payments of salary and reimbursement of bona fide business expenses in the ordinary course, consistent with past practice;

(t) will not terminate the employment of any Employee;

(u) will promptly advise the Parent orally and in writing of any event, fact, circumstance or condition which would reasonably be likely to have a Company Material Adverse Effect;

(v) will promptly provide to the Parent copies of all filings made by it with any Governmental Entity in connection with this Agreement and the Transactions;

(w) will not commence or settle or compromise any pending or threatened suit, action, proceeding or claim, including any suit, action, proceeding or claim which relates to this Agreement or the Transactions; or

(x) will not enter into any Contract to do any of the activities prohibited by this Section 7.1.

7.2 [Reserved].

7.3 Other Negotiations. After the date hereof and any time thereafter prior to the earlier of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, no Company or any Member will (nor will any Company permit any of its officers, managers, Employees, agents, and Affiliates on its behalf to) take any action to solicit, initiate, seek, encourage, or support any inquiry, proposal, or offer from, furnish any information to, or participate in any discussions or negotiations with, any Person or group (other than the Parent) regarding any Competing Acquisition Transaction or enter into an agreement concerning any Competing Acquisition Transaction with any party other than the Parent, and each of the Companies agrees that it shall, and direct its officers, directors, managers, Employees, agents, and Affiliates to, terminate any and all such discussions and actions in progress as of the date of this Agreement. Until the earlier of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, the Managers of the Companies shall not (x) withdraw or modify its approval or recommendation of this Agreement, the Merger and the other Transactions, or (y) approve or recommend an Competing Acquisition Transaction. In any event, if a Company at any time prior to termination of this Agreement receives any inquiry, proposal, or offer of the nature described herein, such Company shall, within one (1) business day after such receipt, notify the Parent of such inquiry, proposal or offer, including the identity of the other party and the terms of such inquiry, proposal or offer.



7.4 Required Consents. Prior to the Effective Time, the Companies shall obtain and deliver to the Parent the Required Consents, as set forth in **Sections 4.4(a) and (b) of the Company Disclosure Schedule**, which shall be in full force and effect as of the Effective Time.

7.5 Resignations and Releases. Prior to the Effective Time, the Companies shall obtain and deliver to the Parent the Resignations and releases executed by all officers and directors of the Companies, each in the form attached hereto as **Exhibit B** (the “**Resignation and Release**”), which shall be in full force and effect as of the Effective Time.

7.6 Supporting Documents.

(a) Prior to the Effective Time, MP Holdings shall have delivered to the Parent certificates: (i) of the Secretary of State of the State of Georgia, dated within seven (7) days prior to the Closing Date, certifying as to the company legal existence and good standing of MP Holdings and the MP Holdings Articles; and (ii) of the Secretary or a Manager of MP Holdings, dated as of the Closing Date, certifying on behalf of MP Holdings: (x) that attached thereto are true and complete copies of the MP Holdings Articles and the MP Holdings Operating Agreement as in effect on the date of such certification; (y) that attached thereto are true and complete copies of all resolutions adopted by the MP Holdings Managers and the MP Holdings Members authorizing the execution, delivery, and performance of this Agreement and the consummation of the Transactions; and (z) to the incumbency and specimen signature of each officer or Manager of MP Holdings executing on behalf of MP Holdings this Agreement and the other agreements related hereto.

(b) Prior to the Effective Time, OnRamp shall have delivered to the Parent certificates: (i) of the Secretary of State of the State of Georgia, dated within seven (7) days prior to the Closing Date, certifying as to the company legal existence and good standing of OnRamp and the OnRamp Articles; and (ii) of the Secretary or a Manager of OnRamp, dated as of the Closing Date, certifying on behalf of OnRamp: (x) that attached thereto are true and complete copies of the OnRamp Articles and the OnRamp Operating Agreement as in effect on the date of such certification; (y) that attached thereto is a true and complete copy of all resolutions adopted by the OnRamp Managers and the OnRamp Members authorizing the execution, delivery, and performance of this Agreement and the consummation of the Transactions; and (z) to the incumbency and specimen signature of each officer or Manager of OnRamp executing on behalf of OnRamp this Agreement and the other agreements related hereto.

7.7 Escrow Agreement. At or prior to the Effective Time, the Escrow Agreement between the Parent, the Member Representative, and the Escrow Agent, in substantially the form attached hereto as **Exhibit C** (the “**Escrow Agreement**”) shall have been executed by the Parent, the Member Representative, and the Escrow Agent and delivered to the Parent and the same shall be in full force and effect.

7.8 Restrictive Covenants Agreements. At or prior to the Effective Time, each of the Persons listed on Schedule 7.8 shall have executed and delivered a restrictive covenants agreement, each in substantially the form attached hereto as Exhibit D (the “Restrictive Covenants Agreement”), and all such Restrictive Covenants Agreements shall have been delivered to the Parent and the same shall be in full force and effect.

7.9 Employment Agreements. At or prior to the Effective Time, each of the Persons listed in Schedule 7.9 shall have executed and delivered an employment agreement, each in substantially the form attached hereto as Exhibit E, with the Parent (an “Employment Agreement”), and all such Employment Agreements shall have been delivered to the Parent and the same shall be in full force and effect.

7.10 Registration Rights Agreement. At or prior to the Effective Time, the Registration Rights Agreement between the Parent and the Members, in substantially the form attached hereto as Exhibit F (the “Registration Rights Agreement”) shall have been executed and delivered by the Parent and the Member Representative and the same shall be in full force and effect.

7.11 Security Agreement. At or prior to the Effective Time, the Security Agreement between the Acquisition Parties and the Members, in substantially the form attached hereto as Exhibit G (the “Security Agreement”) shall have been executed and delivered by the Acquisition Parties and the Member Representative and the same shall be in full force and effect.

7.12 NuTech Termination/Amendment. Prior to the Effective Time, Surgical Biologics shall use its commercially reasonable efforts to obtain and deliver to the Parent (a) evidence, satisfactory to the Parent in its sole discretion, of the termination of the NuTech Agreement or (b) a valid and binding amendment to the NuTech Agreement, satisfactory to the Parent in its sole discretion, terminating or amending the exclusive license rights in orthopedic surgery granted therein, and Surgical Biologics will execute and deliver any such termination or amendment as requested by Parent. Failure to obtain a termination or amendment satisfactory to Parent shall be deemed a failure of a closing condition under Section 9.2, and not a breach of this Agreement. Surgical Biologics shall notify NuTech as required by section 3.1(c) of the NuTech Agreement at least ten (10) days prior to the Closing Date.

7.13 Closing Opinion. The opinion of Joyce Thrasher Kaiser & Liss, LLC, in a form mutually agreeable to Parent and Member Representative shall have been delivered to the Parent and the same shall be in full force and effect.

7.14 Options and Warrants. Prior to the Effective Time, the Companies shall have delivered evidence satisfactory to the Parent that (a) the Options and Warrants have been either exercised or cancelled and extinguished, and (b) all Equity Plans has been cancelled and terminated.

7.15 Termination of Related Party Agreements. At or prior to the Effective Time, the Companies shall have delivered evidence satisfactory to the Parent that any and all Contracts between one or more of the Members relating to the outstanding Equity Interests of a Company or that otherwise purport to govern the affairs a Company or its Equity Interests have been cancelled and terminated and are of no further force or effect.

7.16 Accuracy of Representations and Warranties of Companies and Members. The Members and the Companies shall cause the representations and warranties set forth in ARTICLE IV and ARTICLE V to be: (a) with respect to those representations and warranties qualified by Company Material Adverse Effect or any other materiality standard, true and correct in all respects on the Closing Date as though made on and as of the Closing Date; and (b) with respect to all other representations and warranties, true and correct in all material respects on the Closing Date as though made on and as of the Closing Date.

7.17 Accuracy of Acquisition Parties' Representations and Warranties. The representations and warranties of the Acquisition Parties set forth in ARTICLE VI shall be: (a) with respect to those representations and warranties qualified by any materiality standard, true and correct in all respects on the Closing Date as though made on and as of the Closing Date; and (b) with respect to all other representations and warranties, true and correct in all material respects on the Closing Date as though made on and as of the Closing Date.

## ARTICLE VIII ADDITIONAL AGREEMENTS

8.1 Access to Properties and Records. Until the first to occur of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, each Company will provide the Parent and the Parent's accountants, attorneys, and other advisors, with reasonable access upon reasonable notice, during business hours, to its premises and properties and its books and records (including personnel and other employment files, marketing information, contracts, leases, insurance policies, litigation files, minute books, accounts, working papers, and tax returns filed and in preparation) and will cause its officers to furnish to the Parent and the Parent's advisors such additional financial, Tax, and operating data and other information pertaining to its business as the Parent shall from time to time reasonably request.

8.2 Reasonable Best Efforts, Etc. Subject to the terms hereof, each of the parties hereto agrees to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective the Transactions, including obtaining any consents, authorizations, exemptions, and approvals from, and making all filings with, any Governmental Entity which are necessary in connection with the Transactions.

8.3 Material Events. At all times prior to the earlier of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, each party shall promptly notify the other parties in writing of the occurrence of any event which will or may result in the failure to satisfy any of the conditions specified in ARTICLE IX and ARTICLE X.

8.4 Fees and Expenses. Each party shall bear its own costs and expenses in connection with this Agreement and the Transactions.

8.5 Supplements to Schedules. From time to time prior to the earlier of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, the Companies shall supplement or amend the Company Disclosure Schedule with respect to any matter hereafter arising, that, if existing or occurring at or prior to the date of this Agreement, would have been required to be set forth or described in the Company Disclosure Schedule or that is necessary to correct any information in the Company Disclosure Schedule or in the representations and warranties set forth in ARTICLE IV that have been rendered inaccurate thereby. Any matter arising after the date hereof due to events that occur after the date hereof and disclosed accurately in a supplemented or amended disclosure schedule pursuant to this Section 8.5 shall not form the basis for a claim for breach of any representation or warranty that survives the Closing if the Transactions are consummated. Notwithstanding anything herein to the contrary, any supplement or amendment to the Company Disclosure Schedule must be approved by and satisfactory to the Parent.

8.6 Appointment of Member Representative.

(a) The Member Representative is hereby appointed as attorney-in-fact to act on behalf and in the name of each Member for all purposes of this Agreement and any and all other documents, instruments, agreements or other Contracts executed and delivered by the Company in connection with the transactions contemplated by this Agreement (the "Ancillary Agreements"), including without limitation the authority to execute and deliver the Ancillary Agreements, and any amendments to this Agreement or the Ancillary Agreements. The Members' approval of this Agreement includes confirmation of the authority of the Member Representative. The Acquisition Parties and the Companies may rely upon the acts of the Member Representative for all purposes permitted under this Agreement and the Ancillary Agreements. The Members shall be responsible for the payment of all fees and expenses incurred by the Member Representative in performing his duties under this Agreement.

(b) The Member Representative's power, on behalf of the Members, shall include, but is not limited to, the following powers: (i) the power to act for the Members with regard to the calculation of the indemnification obligations hereunder; (ii) the power to compromise or settle any claim, litigation, or arbitration or other disputes that arise on behalf of the Members and to transact matters of litigation or arbitration in connection with this Agreement and the Ancillary Agreements; (iii) the power to do or refrain from doing all such further acts and things on behalf of the Members that the Member Representative deems necessary or appropriate in his sole discretion, and to execute all such documents, waivers, and instruments as the Member Representative shall deem necessary or appropriate, in connection therewith; (iv) the sole power and authority to take any and all actions on behalf of a Member with respect to such Member's Note, including, but not limited to, the exercise of any remedies under the Note; and (v) the power to receive service of process in connection with any claims under this Agreement and the Ancillary Agreements.

(c) The Member Representative shall act for the Members in the manner that the Member Representative believes to be in the best interest of the Members and consistent with their obligations under this Agreement and the Ancillary Agreements, but shall have no duties or obligations except as specifically set forth in this Agreement and the Ancillary Agreements. In acting on behalf of the Members, the Member Representative may rely upon, and shall be protected in acting or refraining from acting upon, an opinion or advice of counsel, certificate of auditors or other certificate, statement, instrument, opinion, report, notice, request, consent, order, arbitrator's award, appraisal, bonds, or other paper or document reasonably believed by them to be genuine and to have been executed or presented by the proper party or parties. The Member Representative shall not be personally liable to the Members for any action taken, suffered, or omitted by him in good faith and reasonably believed by him to be authorized or within the discretion of the rights or powers conferred upon them by this Agreement. The Member Representative may consult with counsel. No bond shall be required of the Member Representative, and the Members jointly and severally shall indemnify the Member Representative with respect to any and all Losses incurred or suffered by the Member Representative in his capacity as a Member Representative, other than for the Member Representative's willful misconduct or gross negligence.

(d) The Member Representative shall treat as confidential all non-public information regarding the Acquisition Parties with which the Member Representative comes in contact.

8.7 Access to Employees, Customers, Vendors, and Contractors. Between the date of this Agreement and the first to occur of the termination of this Agreement pursuant to ARTICLE XI and the Effective Time, each Company will afford the Parent and its representatives access at all reasonable times, and in a manner so as not to unreasonably interfere with the normal operations of such Company, to its Employees, customers, vendors, and Consultants, including all books and records related thereto, training materials, marketing materials, service offer methodologies, and like material, and, subject to such Company's approval each time, such approval not to be unreasonably withheld, conditional or delayed, the Parent shall be permitted to, among other things, in cooperation with such Company (and at all reasonable times and in a reasonable manner) conduct employee interviews, conduct background and appropriate drug screening, discuss and negotiate employment terms, contact customers, vendors, and Consultants and introduce customers to the Parent's employees.

#### 8.8 Confidential Information.

(a) Each Receiving Party acknowledges the confidential and proprietary nature of the Confidential Information of the Disclosing Party and agrees that, such Confidential Information: (i) shall be kept confidential by the Receiving Party; (ii) shall not be used for any reason or purpose other than to evaluate and consummate the Transactions; and (iii) without limiting the foregoing, shall not be disclosed by the Receiving Party to any Person, except in each case as otherwise expressly permitted by the terms of this Agreement or with the prior written consent of an authorized representative of MP Holdings, with respect to Confidential Information of MP Holdings, an authorized representative of OnRamp, with respect to Confidential Information of OnRamp, or the Member Representative, with respect to Confidential Information of the Members (each, a "Company Contact"), or an authorized representative of the Parent, with respect to Confidential Information of the Acquisition Parties (each, a "Parent Contact"). Each of the parties hereto shall disclose the Confidential Information of the other party or parties only to its representatives who require such material for the purpose of evaluating and consummating the Transactions and are informed by such party of the obligations of this Section 8.8 with respect to such Confidential Information. Each of the parties hereto shall: (x) enforce the terms of this Section 8.8 as to its respective representatives; (y) take such action to the extent necessary to cause its representatives to comply with the terms and conditions of this Section 8.8; and (z) be responsible and liable for any breach of the provisions of this Section 8.8 by it or its representatives.

(b) In the event the Transactions are not consummated and this Agreement is terminated pursuant to ARTICLE XI, for the period commencing on the date of termination of this Agreement and ending on the fifth (5<sup>th</sup>) anniversary thereof, each of the Acquisition Parties and each of their Affiliates shall maintain as confidential, and shall not use for any reason or purpose, any Confidential Information of the Companies and the Members, and shall return all originals and copies (in any format) of all documents setting forth any such Confidential Information.

(c) Notwithstanding anything in this Agreement to the contrary, from and after the Closing, the provisions of this Section 8.8 shall not apply to or restrict in any manner the Parent's use of any Confidential Information of any Company related to the operations of the business of any Surviving Company.

(d) This Section 8.8 does not apply to that portion of the Confidential Information of a Disclosing Party that a Receiving Party demonstrates: (i) was, is, or becomes generally available to the public other than as a result of a breach of this Section 8.8; (ii) was, is, or becomes developed by the Receiving Party independently of and without reference to any Confidential Information of the Disclosing Party; or (iii) was, is, or becomes available to the Receiving Party on a non-confidential basis from a Person not bound by a confidentiality agreement or any legal, fiduciary, or other obligation restricting disclosure of such Confidential Information.

(e) If a Receiving Party becomes compelled in any proceeding or is requested by a Governmental Entity having regulatory jurisdiction over this Agreement, including, but not limited to, the SEC, to make any disclosure that is prohibited or otherwise constrained by this Section 8.8, that Receiving Party shall provide the Disclosing Party with prompt notice of such compulsion or request so that it may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Section 8.8. In the absence of a protective order or other remedy, the Receiving Party may disclose that portion (and only that portion) of the Confidential Information of the Disclosing Party that, based upon advice of the Receiving Party's counsel, the Receiving Party is legally compelled to disclose or that has been requested by such Governmental Entity; provided, however, that the Receiving Party shall use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded by any Person to whom any Confidential Information is so disclosed. The provisions of this Section 8.8 do not apply to any proceedings among the parties to this Agreement.

8.9 Director and Officer Indemnification(a) . Prior to the Closing, the Companies shall be permitted to secure a Tail Policy covering all past and present directors and officers of the Companies (the "**Indemnified Directors and Officers**") for a period of up to two (2) years from and after the Closing Date. All costs of securing and maintaining the Tail Policy shall be borne by the Companies and shall be deemed Company Transaction Expenses for purposes of this Agreement.

8.10 Member Release. As a material inducement for, and in partial consideration of, the Acquisition Parties' agreements herein, each Member, by its execution and delivery of this Agreement, acknowledges and agrees that as of the date hereof (i) it does not have any claim, offset, defense, damages, or cause of action of any kind, character or nature whatsoever, whether known or unknown, choate or inchoate (the "Released Claims") against any of the Acquisition Parties or the Companies, or any of their respective Affiliates or Employees, (collectively, "Released Parties"), or (ii) to the extent that such Member claims to have previously had, or currently has, any such Released Claims against any of the Released Parties as described hereinabove, which the Released Parties specifically deny, whether choate or inchoate, known or unknown, in law or in equity, then such Member does hereby (a) unconditionally release the Released Parties from any and all loss, liability, causes, claims, damages, actions, causes of actions, and suits of any kind and nature whatsoever as a result of any events, actions, or omissions that occurred prior to the date this Agreement is executed or pertaining to the allocation of the Aggregate Consideration in the manner set forth herein, and (b) covenants not to sue the Released Parties for past and present Released Claims up to the date hereof.

8.11 Articles of Merger. On or prior to the Effective Time, MP Holdings shall have executed and delivered to MP Holdings Acquisition Sub a counterpart of the MP Holdings Articles of Merger to be filed with the Secretary of the State of Georgia in connection with the MP Holdings Merger. OnRamp shall have executed and delivered to OnRamp Acquisition Sub a counterpart of the OnRamp Articles of Merger to be filed with the Secretary of the State of Georgia in connection with the OnRamp Merger.

8.12 Tax Matters(a) .

(a) S Corporation Status. MP Holdings and OnRamp shall not revoke their elections to be taxed as an S corporation within the meaning of Code Sections 1361 and 1362. MP Holdings, OnRamp, and the Members shall not take or allow any action other than the sale of the MP Holdings Membership Interests and the OnRamp Membership Interests pursuant to this Agreement that would result in the termination of either of MP Holdings's or OnRamp's status as a validly electing S corporation within the meaning of Code Sections 1361 and 1362.

(b) Tax Periods Ending on or before Closing Date. Parent shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for Surgical Biologics, MP Holdings, and OnRamp for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Parent shall permit Member Representative to review and comment each such Tax Return described in the preceding sentence prior to filing. If there are any disputes regarding such Tax Return, the parties will work in good faith to resolve such dispute. To the extent permitted by applicable law, the Members shall include any income, gain, loss, deduction or other tax items for such periods on their Tax Returns in a manner consistent with the Schedule K-1's furnished by Parent to the Members for such periods.

(c) Cooperation on Tax Matters. Parent, Surgical Biologics, MP Holdings, OnRamp, and the Members shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The parties agree (A) to retain all books and records with respect to Tax matters pertinent to Surgical Biologics, MP Holdings, and OnRamp relating to any taxable period beginning before the Closing Date until expiration of the statute of limitations (and, to the extent notified by Parent or Member Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other party reasonable written notice prior to transferring, destroying, or discarding any such books and records and, if the other party so requests, Parent or any Member, as the case may be, shall allow the other party to take possession of such books and records.

8.13 Further Action(a) . Each of the parties hereto shall execute and deliver such documents and other papers and use its commercially reasonable efforts to take such other actions, as may be required or as are reasonably appropriate to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

## ARTICLE IX

### CONDITIONS TO THE OBLIGATIONS OF THE ACQUISITION PARTIES

The obligation of the Acquisition Parties to consummate the Transactions shall be subject to the satisfaction, on or prior to the Closing Date, of the following conditions (any of which may be waived in writing by the Parent in its sole discretion):

9.1 Compliance with Covenants. Each of the Companies shall have duly performed and complied in all material respects with each and all covenants, agreements, and obligations required by this Agreement or the Ancillary Agreements to be performed or complied with by each or all of the Companies on or prior to the Closing.

9.2 Amendment or Termination of NuTech Agreement. Surgical Biologics shall have obtained (a) evidence, satisfactory to the Parent in its sole discretion, of the termination of the NuTech Agreement or (b) a valid and binding amendment to the NuTech Agreement, satisfactory to the Parent in its sole discretion, terminating or amending the exclusive license rights in orthopedic surgery granted therein.

## ARTICLE X

### CONDITIONS TO THE OBLIGATIONS OF THE COMPANIES

The obligation of the Companies to consummate the Transactions shall be subject to the satisfaction, on or prior to the Closing Date, of the following condition (which may be waived in writing by any Company in its sole discretion):

10.1 Compliance with Covenants. Each of the Acquisition Parties shall have duly performed and complied in all material respects with each and all covenants, agreements, and obligations required by this Agreement or the Ancillary Agreements to be performed or complied with by each or all of the Acquisition Parties on or prior to the Closing.



## ARTICLE XI

### TERMINATION

11.1 Termination. This Agreement may be terminated at any time prior to the Effective Time:

(a) By the written consent of the Companies and the Parent.

(b) By any of the Companies or the Parent:

(i) if any Governmental Entity shall have enacted, promulgated, or issued any statute, rule, regulation, ruling, writ, or injunction, or taken any other action, restraining, enjoining, or otherwise prohibiting the Transactions and all appeals and means of appeal therefrom have been exhausted; or

(ii) if the Effective Time shall not have occurred on or before January 7, 2011; provided, however, that the right to terminate this Agreement pursuant to this Section 11.1(b)(ii) shall not be available to any party whose (or whose Affiliate(s)') material breach of any representation or warranty or material failure to perform or comply with any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date.

(c) By the Parent if there shall have been a material breach of any representation, warranty, covenant, condition, or agreement on the part of any Company or any Member set forth in this Agreement which breach is incapable of cure, or if capable of cure, shall not have been cured within ten (10) business days following receipt by the breaching party of notice of such breach.

(d) By any of the Companies if there shall have been a material breach of any representation, warranty, covenant, condition, or agreement on the part of any Acquisition Party set forth in this Agreement which breach is incapable of cure, or if capable of cure, shall not have been cured within ten (10) business days following receipt by the breaching party of notice of such breach.

11.2 Effect of Termination.

(a) In the event of termination of this Agreement pursuant to Section 11.1(a), Section 11.1(b)(i), Section 11.1(b)(ii) (except to the extent the termination under Section 11.1(b)(ii) is due to a party's material breach of any representation or warranty or obligation set forth in this Agreement), this Agreement shall forthwith become void and there shall be no liability on the part of any of the parties hereto or their respective shareholders, members, managers, directors, officers, or agents.

(b) In the event of the termination of this Agreement pursuant to Section 11.1(b)(ii), (but only to the extent the termination under Section 11.1(b)(ii) is due to a party's material breach of any representation or warranty or obligation set forth in this Agreement), Section 11.1(c) or Section 11.1(d), there shall be no liability on the part of any non-breaching party or its respective shareholders, members, managers, directors, officers, or agents.

(c) Except as otherwise set forth herein, nothing herein shall relieve any party hereto from liability for breach of this Agreement by such party.

**ARTICLE XII**  
**INDEMNIFICATION**

**12.1 Indemnity Obligations.**

(a) Indemnification by the Companies and the Members. Subject to this ARTICLE XII, prior to the Effective Time, the Companies and the Members shall, jointly and severally, and, after the Effective Time, the Members shall, jointly and severally, indemnify, defend, and hold harmless the Parent and/or each Surviving Company, as the case may be, and their respective shareholders, members, managers, directors, officers, employees, and agents (the “**Surviving Company Indemnified Parties**”), and the Surviving Company Indemnified Parties shall be indemnified and held harmless, from and against, any Losses arising out of, based upon, or resulting from:

(i) any inaccuracy in or breach of any representation or warranty set forth in ARTICLE IV of this Agreement or any inaccuracy in or breach of any representation or warranty set forth in ARTICLE IV as if such representation and warranty had been made as of the Closing Date, except representations and warranties that address matters only as of a particular time, which may only be accounted as of such time;

(ii) any breach or failure to perform any of the covenants, agreements, or undertakings of any Company contained in this Agreement or any of the Ancillary Agreements;

(iii) any Closing Indebtedness of any Company or Company Transaction Expenses, in each case only to the extent not accounted for in the determination of the Aggregate Cash Consideration pursuant to Section 3.4(a); and

(iv) any Action disclosed pursuant to Section 4.9 (Legal Proceedings, Etc.) or any Action against any of the Surviving Company Indemnified Parties instituted by Biod, LLC, Biodlogics, LLC, Biorecovery, LLC, Timothy Brahm, Jeffrey Sander, or John Butora, or their successors or assigns, except for the lawsuit filed by Surgical Biologics having Civil Action No. 1:10-cv-03263-TCB if the Parent elects to continue to pursue such lawsuit following the Closing; and

(v) (1) all Taxes (or the non-payment thereof) of the Companies, including Taxes of the Companies relating to or resulting from the consummation of the Transactions (but not Taxes of Parent, if any, which would be properly owed by Parent in a valid tax-free reorganization structured in the manner set forth herein), for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date (“**Pre-Closing Tax Period**”), (2) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which a Company (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, and (3) any and all Taxes of any Person (other than the Companies) imposed on a Company as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing, and (4) all liability for reasonable legal, accounting and appraisal fees and expenses with respect to any item described in clause (1), (2), or (3); provided, however, that the obligations under this Section 12.1(a)(v) shall exist only to the extent such Taxes exceed the amount, if any, reserved for such Taxes (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) on the face of the Balance Sheet (rather than in any notes thereto) and taken into account in determining the Aggregate Cash Consideration. In the case of any taxable period that includes (but does not end on) the Closing Date (a “**Straddle Period**”), the amount of any Taxes based on or measured by income or receipts of the Companies for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which Companies hold a beneficial interest shall be deemed to terminate at such time) and the amount of other Taxes of the Companies for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period. The Parent shall be reimbursed for any Taxes of the Companies that the Surviving Company Indemnified Parties are entitled to be indemnified for pursuant to this Section 12.1(a)(v) within fifteen (15) business days after payment of such Taxes by the Surviving Company Indemnified Parties.

(b) Indemnification by the Members. Subject to this ARTICLE XII, after the Effective Time, the Members shall severally indemnify, defend, and hold harmless the Surviving Company Indemnified Parties from and against any Losses arising out of, based upon, or resulting from:

(i) any inaccuracy in or breach of any representation or warranty of a Member set forth in ARTICLE V or any Joinder Agreement or any inaccuracy in or breach of any representation or warranty of a Member set forth in ARTICLE V or any Joinder Agreement as if such representation and warranty have been made as of the Closing Date, except representations and warranties that address matters only as of a particular time, which may only be accounted as of such time; and

(ii) any breach or failure to perform any of the covenants, agreements, or undertakings of such Member contained in this Agreement or any of the Ancillary Agreements.

(c) Indemnification by the Acquisition Parties. Subject to this ARTICLE XII, the Acquisition Parties shall, jointly and severally, indemnify, defend, and hold harmless the Companies and the Members, and the Companies' managers, officers, employees, agents, successors and assigns, and heirs, beneficiaries, and representatives (the "Company Indemnified Parties") from and against any Losses arising out of, based upon, or resulting from:

(i) any inaccuracy in or breach of any representation or warranty of any of the Acquisition Parties set forth in this Agreement or any inaccuracy in or breach of any representation or warranty of any of the Acquisition Parties set forth in this Agreement as if such representation and warranty had been made as of the Closing Date, except representations and warranties that address matters as of a particular time, which need only be accounted as of such time; and

(ii) any breach or failure to perform any of the covenants, agreements, or undertakings of any of the Acquisition Parties which are contained in this Agreement or any of the Ancillary Agreements.

12.2 Duration. All representations and warranties and covenants, agreements, and undertakings set forth in or made pursuant to this Agreement, and the rights of the parties to seek indemnification with respect thereto, shall survive the Closing, regardless of any investigation on the part of any party hereto, but shall expire on the date which is twenty-four (24) months following the Closing Date, except that with respect to:

(a) (i) The representations and warranties in Section 4.1 (Company Organization), Section 4.2 (Authorization; Enforceability), Section 4.5 (Capitalization), Section 4.6 (Subsidiaries), Section 4.26 (Brokers), Section 4.29 (Nature and Business of OnRamp), Section 4.4.30 (Nature and Business of MP Holdings), Section 5.1 (Organization), Section 5.2 (Authority; Enforceability), Section 5.4 (Ownership and Title to Equity Interests), Section 5.6 (Brokers) (each of the foregoing, a "Seller Fundamental Representation" and, collectively, the "Seller Fundamental Representations"), Section 6.1 (Organization), Section 6.2 (Authorization; Enforceability), and Section 6.5 (Brokers), and (ii) the specific indemnities under Sections 12.1(a)(iii), or 12.1(a)(iv), the survival period shall continue indefinitely;

(b) (i) The representations and warranties in Section 4.10 (Taxes) and Section 4.12 (Intellectual Property), and (ii) the specific indemnities under Section 12.1(a)(v), the survival period shall be the period of the applicable statute of limitations;

(c) Any covenants, agreements, and undertakings to be performed pursuant to this Agreement or any of the Ancillary Agreements after the Closing, the survival period for which shall continue indefinitely (unless a shorter period is specified in the particular covenant, agreement, or undertaking); and

(d) Any claim based on fraud or willful misconduct, the survival period for which shall continue indefinitely.

Notwithstanding the foregoing, if, prior to the close of business on the last day of the applicable survival period, any Indemnitor shall have been properly notified of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof.

12.3 Direct Claims. In the event any Surviving Company Indemnified Party or any Company Indemnified Party (the “**Claimant**”) desires to make a claim against the applicable indemnifying party (the “**Indemnitor**”) for indemnification pursuant to Section 12.1 not involving a third party claim against the Claimant (each, a “**Direct Claim**”), the Claimant shall give prompt written notice of the Direct Claim to the Indemnitor, describing, in reasonable detail, the nature of the Direct Claim. Failure to give such notice shall not affect the right to indemnification provided under this Agreement, except to the extent that such failure shall have actually and materially prejudiced the Indemnitor.

#### 12.4 Third Person Claims.

(a) If any third Person shall notify any Claimant with respect to any matter involving a third party claim against such Claimant (a “**Third Person Claim**”) that may give rise to a claim for indemnification by such Claimant against any Indemnitor under Section 12.1, then such Claimant shall promptly notify each Indemnitor thereof (or the Member Representative in the event that the Indemnitor(s) are one or more Members) in writing. Failure to give such reasonable notice shall not affect the right to indemnification provided under this Agreement, except to the extent that such failure shall have actually and materially prejudiced the Indemnitor.

(b) Except as otherwise set forth in this Section 12.4(b), any Indemnitor (or the Member Representative in the case of any Indemnitor that is a Member) will have the right to assume and thereafter conduct at its own expense the defense of the Third Person Claim with counsel of its choice, which counsel shall be reasonably satisfactory to the Claimant; provided, however, that the Indemnitor or the Member Representative, as applicable, will not consent to the entry of any judgment or enter into any settlement with respect to the Third Person Claim without the prior written consent of the Claimant, which consent shall not be unreasonably withheld, conditioned or delayed if such settlement consists solely of cash consideration, for which the Indemnitor is so responsible, and does not materially and adversely affect the operations of the Surviving Companies. Notwithstanding the foregoing, neither the Companies prior to the Effective Time nor the Member Representative after the Effective Time shall have the right to assume and conduct the defense of the Third Person Claim against the Surviving Company Indemnification Parties, if, (i) the Companies prior to the Effective Time and the Member Representative, on behalf of the Members after the Effective Time, either do not expressly acknowledge the indemnification obligations with respect to such Third Person Claim or fail to vigorously prosecute or defend such Third Person Claim, or (ii) such Third Person Claim (A) seeks non-monetary relief, (B) involves a third Person that has a business relationship with any of the Surviving Companies, (C) the Parent reasonably believes that an adverse determination of such Third Person Claim would have a material and adverse effect on either the Surviving Companies’ or the Parent’s reputation or future business prospects.

(c) Unless and until an Indemnitor assumes the defense of the Third Person Claim as provided in Section 12.4(b) above, the Claimant may defend against the Third Person Claim in any manner it reasonably deems appropriate. The costs of any such defense shall be included in determining the Losses relating to the Third Person Claim. Any Claimant may elect to retain counsel of its choice in any Third Person Claim that the Indemnitors (or the Member Representative) assume and thereafter conduct the defense of, but the costs and expenses associated therewith shall be the sole responsibility of Claimant and shall not be deemed to be Losses for purposes of this ARTICLE XII.

(d) In no event will the Claimant consent to the entry of any judgment or enter into any settlement with respect to a Third Person Claim without the prior written consent of each of the Indemnitors or the Member Representative, as applicable, which consent shall not be unreasonably withheld.

12.5 Escrow Stock. The Escrow Stock will be held in escrow for the Escrow Period as a source of recovery for any indemnification obligations of the Companies or the Members, as the case may be, under this ARTICLE XII or any payments required to be made pursuant to Section 3.4(a)(iii), all pursuant to the terms of the Escrow Agreement.

12.6 Knowledge. The fact that a Claimant, as of the Closing Date, had knowledge of the fact, condition, circumstance, or event giving rise to an Indemnitor's indemnification obligation or liability shall not be a defense or limiting factor with respect to such Indemnitor's indemnification obligation or liability.

12.7 Limitations of Liability. Notwithstanding anything herein to the contrary:

(a) Basket. No Surviving Company Indemnified Party shall be entitled to indemnification under Sections 12.1(a)(i) and 12.1(b)(i) until the aggregate amount of the Losses otherwise due to the Surviving Company Indemnified Parties exceeds on a cumulative basis an amount equal to One Hundred Thousand and No/100 U.S. Dollars (\$100,000.00) (the "**Basket**"). Once the aggregate amount of the Losses otherwise due to the Surviving Company Indemnified Parties exceeds the Basket the Surviving Company Indemnified Parties shall be entitled to recovery for the full amount of the Losses; provided, however, that the Basket shall not apply to Losses arising out of or relating to: (i) any inaccuracy in or breach of any Seller Fundamental Representation; (ii) any breach or failure by any Company or any Member to perform any of the covenants, agreements, or undertakings contained in this Agreement or any documents, instruments, agreements or other Contracts executed and delivered by the Company in connection with the transactions contemplated by this Agreement; or (iii) any fraud or willful misconduct.

(b) Cap. No Surviving Company Indemnified Party shall be entitled to indemnification under Sections 12.1(a)(i) and 12.1(b)(i) for Losses which are in the aggregate in excess of the aggregate of (i) the Escrow Stock, which shall be valued at the average of the last reported trading price of the Parent Common Stock as reported on the OTC.BB, or such other exchange on which the Parent Common Stock may be listed, for the twenty (20) full trading days immediately preceding the date that the Escrow Agent receives notice of an indemnification claim pursuant to this ARTICLE XII, plus (ii) the amounts payable to the Members pursuant to Sections 3.4(b) and (c), plus (iii) fifty percent (50%) of the amounts owed by the Acquisition Parties in the aggregate under the Notes (the "**Cap**"); provided, however, that the Cap shall be increased to the full amount of the consideration received by each Member with respect to Losses arising out of or relating to any inaccuracy in or breach of any Seller Fundamental Representation; provided, further that the Cap shall not apply with respect to Losses arising out of or relating to: (i) any breach or failure by a Company or a Member to perform any of the covenants, agreements, or undertakings contained in this Agreement or any documents, instruments, agreements or other Contracts executed and delivered by the Company in connection with the transactions contemplated by this Agreement; or (ii) any fraud or willful misconduct.

12.8 Adjustment to Transaction Consideration. Any indemnity payment made pursuant to this ARTICLE XII shall be treated, for all relevant Tax purposes, by all parties as an adjustment to the Transaction Consideration unless otherwise required by Law.

12.9 Sole and Exclusive Remedy; Offset. The Acquisition Parties for and on behalf of the Surviving Company Indemnified Parties hereby acknowledge that their sole and exclusive remedy with respect to any and all claims for money damages relating to the subject matter of this Agreement and the Transactions, except with respect to fraud and willful misconduct, shall be pursuant to the indemnification provisions set forth in this ARTICLE XII (it being understood that nothing in this Section 12.9 or elsewhere in this Agreement shall limit the parties' rights to specific performance or other equitable remedies with respect to the covenants referred to herein or to be performed after the Closing). Subject to the limitations contained in Section 12.7(b), the Acquisition Parties shall be entitled to offset any amounts otherwise payable to the Members pursuant to Sections 3.4(b) or (c) or under the Notes in respect of any claim for indemnification under this ARTICLE XII.

12.10 Assignment of Claims. If any of the Losses for which an Indemnitor is responsible or allegedly responsible under this ARTICLE XII are recoverable or reasonably likely to be recoverable against any third party at the time that payment is due hereunder, the Claimant will assign any and all rights that it may have to recover such Losses to the Indemnitor. The Claimant will reimburse the Indemnitor for any and all Losses paid by the Indemnitor to the Claimant pursuant to this Agreement to the extent such amount is subsequently paid to the Claimant by any Person other than the Indemnitor.

12.11 No Duplicative Losses; Determination of Losses. Notwithstanding anything contained in this Agreement to the contrary: (a) to the extent that any Loss resulting from any breach of any representation or warranty of the Companies under ARTICLE IV is taken into account in determining the Aggregate Cash Consideration, (i) no Surviving Company Indemnified Party may recover such Loss through a claim pursuant to this ARTICLE XII or otherwise and (ii) such Loss shall not be included in the determination of whether all Losses, in the aggregate, exceed the Basket nor shall such Loss count toward the Cap; and (b) no Surviving Company Indemnified Party may recover duplicative Losses in respect of a single set of facts or circumstances under more than one representation or warranty in this Agreement or any agreement related hereto regardless of whether such facts or circumstances would give rise to a breach of more than one representation or warranty in this Agreement or such other agreement; provided, however, that all Losses incurred due to such facts or circumstances shall be indemnified in accordance with this ARTICLE XII. Solely for purposes of calculating Losses under this ARTICLE XII once a breach of a representation or warranty has occurred (and specifically not for purposes of determining whether such a breach has occurred or for purposes of determining whether the conditions set forth in ARTICLE VII have been satisfied), no effect shall be given to qualifications of materiality, such as "Material Adverse Effect," "in all material respects" and other similar qualifications that are included in the representations and warranties contained in this Agreement.

12.12 Cooperation. The parties to this Agreement agree to render to each other such assistance as they may reasonably require of each other, and to cooperate with each other in order to ensure the proper and adequate defense of any Third Person Claim.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

13.1 Responsibility for Filing Returns. The Companies shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns for the Companies that are required to be filed on or before the Closing Date; such Tax Returns shall be prepared on a basis consistent with the most recent Tax Returns of the Companies unless there is no reasonable basis for such position, and shall be true, correct, and complete in all respects. Not later than thirty (30) days prior to the due date for filing of such a Tax Return, the Parent shall be provided with a copy of such Tax Return. The Companies shall make such changes to the Tax Return as the Parent may reasonably request, and shall not file such Tax Return without the Parent's consent, which shall not be unreasonably withheld, conditioned, or delayed.

13.2 Certain Taxes and Fees. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the Transactions shall be paid by the Members when due, and the Members will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable Law, the Parent will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

13.3 No Additional Warranties or Representations; Due Diligence. The parties hereto acknowledge that no other party nor any other Person has made any representation or warranty, expressed or implied, as to the accuracy or completeness of any information regarding such other party or the Business, which has been communicated, furnished, or made available to any party hereto or their agents, except as expressly set forth in this Agreement (including, for the purposes of this Section 13.3, any and all certificates, schedules, and other documents delivered in connection herewith). No party hereto nor any other Person is or will be subject to any liability to any other party hereto or any other Person resulting from the distribution to any party hereto or their agents, or any such party's or their agents' use of, any such information, documents, or material made available to such party or their respective agents in records stored on computer disks, in online or physical "data rooms," provided during management presentations or in any other forms in expectation of the Transactions, except as expressly set forth in this Agreement. Each of the parties hereto hereby acknowledges and agrees that neither such party nor any of such party's agents has relied, and none of such Persons is relying, upon any statement, warranty, or representation (whether written or oral) not made in this Agreement. Each of the parties hereto further acknowledges and agrees that (a) they have conducted such investigations of the other parties hereto as they deem necessary in connection with the execution of this Agreement and the consummation of the Transactions, (b) the Acquisition Parties and their respective agents have been permitted access to the books, records, facilities, equipment, returns, Contracts, and other properties and assets of the Companies which they and their respective agents have desired and requested to see or review, and (c) the Acquisition Parties and their respective agents have had an opportunity to meet with each Company and its agents to discuss the Business and assets of such Company. In connection with such investigation, the Acquisition Parties and their respective agents have received from or on behalf of each Company certain estimates, budgets, forecasts, plans, and financial projections ("Forward-Looking Statements"), and the Acquisition Parties acknowledge that (i) there are uncertainties inherent in making Forward Looking Statements and (ii) they are familiar with such uncertainties and are taking full responsibility for making their own evaluation of the adequacy and accuracy of all Forward-Looking Statements so furnished to them and their respective agents (including the reasonableness of the assumptions underlying Forward-Looking Statements where such assumptions are explicitly disclosed). Except as expressly provided in this Agreement, no Company nor any other Person is making any representation or warranty with respect to, or is or will be subject to any liability to, any Surviving Company Indemnified Party or any other Person resulting from, the distribution to any of the Acquisition Parties or their respective agents, or their use of, Forward-Looking Statements.



13.4 Amendment. This Agreement may not be amended or modified except by an instrument in writing executed by the Members, the Companies and the Parent.

13.5 Waiver of Compliance. Except as otherwise provided in this Agreement, any failure of any of the parties hereto to comply with any obligation, covenant, or agreement contained herein may be waived only by a written notice from the party or parties entitled to the benefits thereof. No failure by any party hereto to exercise, and no delay in exercising, any right hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or future exercise of that right by that party.

13.6 Notices. All notices, consents, waivers, requests, instructions, or other communications required or permitted hereunder shall be in writing or by written electronic transmission, and shall be deemed to have been duly given if (a) delivered personally (effective upon delivery), (b) sent by a reputable, established international courier service (effective upon receipt), (c) mailed by certified mail, return receipt requested, postage prepaid (effective upon receipt), or (d) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment (effective upon receipt), addressed as follows (or to such other address as the recipient may have furnished for such purpose pursuant to this Section 13.6):

(a) if to any Company or the Members, to:

OnRamp Capital Investments, LLC,  
Membrane Products Holdings, LLC,  
Surgical Biologics, LLC, and/or  
Member Representative  
4891 Gresham Ridge Drive  
Kennesaw, Georgia 30144  
Attention: John Daniel  
Facsimile: 770-218-6195  
Email: jdaniel@surgicalbio.com

with copies to:

Joyce, Thrasher, Kaiser, & Liss, LLC  
Five Concourse Parkway, Suite 2350  
Atlanta, Georgia 30328  
Attention: Andrew P. Kaiser, Esq.  
Facsimile: (404) 760-0225  
Email: akaiser@jktlaw.com

(b) if to an Acquisition Party or a Surviving Company, to:

MiMedx Group, Inc.  
811 Livingston Court  
Suite B  
Marietta, Georgia 30067  
Attention: Parker H. "Pete" Petite  
Facsimile: (678) 384-6741  
Email: Pete.Petit@thepetitgroup.com

with a copy to:

MiMedx Group, Inc.  
811 Livingston Court  
Suite B  
Marietta, Georgia 30067  
Attention: Roberta McCaw  
Facsimile: (678) 384-6741  
Email: robertamccaw@comcast.net

13.7 Binding Effect; Assignment. This Agreement, and all of the provisions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators, executors, and personal representatives and permitted assigns. Neither this Agreement nor any rights, duties, or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties hereto.

13.8 No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended, or shall be construed, to confer upon or give any Person other than the parties hereto, the Members, and the Surviving Company Indemnified Parties and the Company Indemnified Parties (to the extent provided in ARTICLE XII), and their respective successors or permitted assigns, any right, remedy, obligation, or liability under or by reason of this Agreement, or result in such Person being deemed a third-party beneficiary of this Agreement.

13.9 Public Announcements. None of the Companies or the Members may, except as may be required by applicable Laws relating to the Transactions, issue a press release relating to the Transactions, without the prior written consent of the Parent.

13.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimiles of signatures shall be deemed to be originals.

13.11 Entire Agreement. This Agreement, and the Schedules, Exhibits, certificates, and other instruments and documents delivered pursuant hereto, together with the other agreements referred to herein and to be entered into pursuant hereto, embody the entire agreement of the parties hereto in respect of, and there are no other agreements or understandings, written or oral, among the parties relating to, the subject matter hereof. This Agreement supersedes all other prior agreements and understandings, written or oral, among the parties with respect to such subject matter.

13.12 Construction. Unless the context of this Agreement clearly requires otherwise: (a) references to the plural include the singular, and references to the singular include the plural; (b) references to any gender include the other genders; (c) the words “include,” “includes,” and “including” do not limit the preceding terms or words and shall be deemed to be followed by the words “without limitation”; (d) the terms “hereof,” “herein,” “hereunder,” “hereto,” “hereby,” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (e) the terms “day” and “days” mean and refer to calendar day(s); and (f) the terms “year” and “years” mean and refer to calendar year(s). Unless otherwise set forth herein, references in this Agreement to: (i) any document, instrument, or agreement (including this Agreement) (A) includes and incorporates all exhibits, schedules, and other attachments thereto, (B) includes all documents, instruments, or agreements issued or executed in replacement thereof, and (C) means such document, instrument, or agreement, or replacement or predecessor thereto, as amended, modified, or supplemented from time to time in accordance with its terms and in effect at any given time; and (ii) a particular Law means such Law as amended, modified, supplemented, or succeeded, from time to time and in effect at any given time. All Article, Section, Exhibit, and Schedule references herein are to Articles, Sections, Exhibits, and Schedules of this Agreement, unless otherwise specified. This Agreement shall not be construed as if prepared by any one party hereto, but rather according to its fair meaning as a whole, as if all the parties hereto had prepared it.

13.13 Headings. The article and section headings contained in this Agreement are solely for convenience of reference, are not part of the agreement of the parties, and shall not be used in construing this Agreement or in any way affect the meaning or interpretation of this Agreement.

13.14 Schedules and Exhibits. The Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

13.15 Governing Law; Venue. Except as otherwise stated herein, the parties hereby agree that this Agreement, and the respective rights, duties, and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Georgia without giving effect to principles of conflicts of law thereunder.

13.16 Severability. In the event that any clause or portion of this Agreement shall be held to be invalid, illegal, unenforceable, or in violation of any applicable Laws or public policy, such a finding shall not affect the balance of the terms contained herein, and the parties shall be charged with the responsibility of continuing to carry out the terms and conditions of this Agreement in a manner consistent therewith. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, or subject or otherwise unreasonable so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting and reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable Laws as it shall then appear.

13.17 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, the parties hereto shall be entitled to specific performance of the agreements and obligations hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction, without the necessity of posting a bond or proving actual damages.

13.18 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE, OR ENFORCEMENT HEREOF.

13.19 Arbitration.

(a) Except as otherwise prohibited by applicable Law, any Dispute shall be resolved through an arbitration proceeding conducted as set forth in this Section 13.19. The arbitration proceeding shall be governed by the then-current commercial arbitration rules of the AAA, and the U.S. Federal Arbitration Act, 9 U.S.C. Sections 1-5, not local law, will govern the arbitrability of all Disputes. The arbitration shall be conducted by a three-member arbitration panel that will conduct the arbitration under the then current commercial arbitration rules of the AAA and supervision of the AAA. The Parent shall choose one of the arbitrators, the Member Representative shall choose one of the arbitrators, and the two arbitrators so chosen shall choose the third arbitrator. All of the arbitrators shall be chosen from a panel of persons with knowledge of and experience in the Companies' industry provided by the AAA. Unless otherwise set forth in this Section 13.19, each party shall bear its own expenses. The fees and expenses of the arbitrators, shall be borne one-third by the prevailing party and two-thirds by the non-prevailing party, with the arbitrators making the determination as to which party has prevailed. The arbitration proceeding shall take place in Atlanta, Georgia.

(b) The arbitration award shall be given in writing and shall be final and binding on the parties, not subject to any appeal. The arbitrators shall not be authorized to award punitive, consequential, or exemplary damages of any kind or nature to any party. Judgment upon the award may be entered in any court having jurisdiction, or application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be.

(c) Except as otherwise stated herein, the parties agree not to submit a Dispute subject to this Section 13.19 to any federal, state, provincial, local, or foreign court or arbitration association except as may be necessary to enforce the arbitration procedures of this Section 13.19 or to enforce the award of the arbitrators. If court proceedings to stay litigation or compel arbitration under the U.S. Federal Arbitration Act (9 U.S.C. Sections 1-5), or similar local legislation are necessary, the party who unsuccessfully opposes such proceedings shall pay all associated costs, expenses, and attorneys' fees that are reasonably incurred by the other party.

(d) The parties agree to keep the existence, content, and result of the arbitration proceedings confidential, subject to Section 13.19(b).

**[SIGNATURES FOLLOW ON THE NEXT PAGE]**

COUNTERPART SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered as an instrument under seal as of the date first above written.

**MIMEDX GROUP, INC.**

By: /s/ Parker H. Petit  
Parker H. Petit, Chairman and CEO

**MP HOLDINGS ACQUISITION SUB, LLC**

By: /s/ Parker H. Petit  
Parker H. Petit, Manager

**ORCI ACQUISITION SUB, LLC**

By: /s/ Parker H. Petit  
Parker H. Petit, Manager

**MEMBRANE PRODUCTS HOLDINGS, LLC**

By: /s/ Kenneth S. Hurt  
Name: Kenneth S. Hurt  
Title: Manager

**ONRAMP CAPITAL INVESTMENTS, LLC**

By: /s/ John R. Daniel  
John R. Daniel, Operating Manager

/s/ John R. Daniel  
**JOHN R. DANIEL**, in his capacity as the  
Member Representative

*[Signatures continued on the following page]*

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COUNTERPART SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER

**MEMBERS:**

/s/ John R. Daniel

**JOHN R. DANIEL**

/s/ Yvette F. Daniel

**YVETTE F. DANIEL**

/s/ Randall Spencer

**RANDALL SPENCER**

/s/ Katie Christie

**KATIE CHRISTIE**

/s/ Kenneth S. Hurt

**KENNETH S. HURT**

**SAGESSE GENERALE, LLC**

By: /s/ Nicholas Steele

Name: Nicholas Steele

Title: Manager

**CURIEUX LIMITED CO.**

By: /s/ Robert Frohwein

Name: Robert Frohwein

Title: Manager

**List of Exhibits**

- Exhibit A — Form of the Notes
  - Exhibit B — Form of Resignation and Release
  - Exhibit C — Form of Escrow Agreement
  - Exhibit D — Restrictive Covenants Agreement
  - Exhibit E — Employment Agreement
  - Exhibit F — Registration Rights Agreement
  - Exhibit G — Security Agreement
-

## **List of Disclosure Schedules**

### Company Disclosure Schedule

Schedule I	—	Definitions
Schedule 1.155	—	Surgical Biologics Products
Schedule 3.4(a)	—	Transaction Consideration Schedule
Schedule 5.4	—	Members
Schedule 7.1	—	Conduct of Business
Schedule 7.8	—	Restrictive Covenants Agreement Signatories
Schedule 7.9	—	Employment Agreement Signatories

(Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but a copy will be furnished supplementally to the Securities and Exchange Commission upon request)

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## **SCHEDULE I**

### **DEFINITIONS**

1.1 "2011 Contingency-Based Payment" shall have the meaning given such term in Section 3.4(b).

1.2 "2011 Share Value" shall mean the average of the last reported trading price of the Parent Common Stock as reported on the OTC.BB, or such other exchange on which the Parent Common Stock may be listed, for the twenty (20) full trading days immediately preceding the date which is one day prior to the date of filing of Parent's Form 10-K for the 2011 fiscal year.

1.3 "2012 Contingency-Based Payment" shall have the meaning given such term in Section 3.4(c).

1.4 "2012 Share Value" shall mean the average of the last reported trading price of the Parent Common Stock as reported on the OTC.BB, or such other exchange on which the Parent Common Stock may be listed, for the twenty (20) full trading days immediately preceding the date which is one day prior to the date of filing of Parent's Form 10-K for the 2012 fiscal year.

1.5 "409A Plan" shall have the meaning given such term in Section 4.15(k).

1.6 "Acquisition Party" shall mean the Parent, MP Holdings Acquisition Sub, or OnRamp Acquisition Sub, as applicable, and, collectively, the "Acquisition Parties."

1.7 "Action(s)" shall have the meaning given such term in Section 4.9.

1.8 "Additional Payment Amounts" shall mean any amounts to be released from the Escrow Stock to the Members, as well as any amounts that become payable for distribution to the Members in accordance with Section 3.4.

1.9 "Affiliate" of any Person shall mean any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. A Person shall be deemed to "control," be "controlled by," or be "under common control with" any other Person if such other Person possesses, directly or indirectly, power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities or partnership interests, by contract, or otherwise.

1.10 "Aggregate Cash Consideration" shall mean an aggregate amount equal to Five Hundred Thousand and No/100 U.S. Dollars (\$500,000.00), subject to adjustment as provided in Section 3.4(a).

1.11 "Aggregate Closing Cash Consideration" shall mean an amount equal to the Aggregate Cash Consideration minus the Holdback Amount.



1.12 “Aggregate Closing Stock Consideration” shall mean an amount equal to the Aggregate Stock Consideration minus the Escrow Stock.

1.13 “Aggregate Consideration” shall mean the Aggregate Cash Consideration, the Aggregate Stock Consideration, and the principal amount of the Notes.

1.14 “Aggregate Stock Consideration” shall mean that number of shares of Parent Common Stock valued at the Closing Share Value equal to Five Million Two Hundred Fifty Thousand and No/100 U.S. Dollars (\$5,250,000).

1.15 “Agreement” shall mean this Agreement and Plan of Merger.

1.16 “Ancillary Agreements” shall have the meaning given such term in Section 8.6(a).

1.17 “Balance Sheet” shall mean the interim, internally prepared balance sheet of each of the Companies dated as of December 17, 2010, as included in the Financial Statements.

1.18 “Balance Sheet Date” shall mean December 17, 2010.

1.19 “Basket” shall have the meaning given such term in Section 12.7(a).

1.20 “Benefit Plans” shall mean any defined benefit and defined contribution plan, stock ownership plan, employment or consulting agreement, executive compensation plan, bonus plan, incentive compensation plan or arrangement, deferred compensation agreement or arrangement, agreement with respect to temporary employees or “leased employees” (within the meaning of Section 414(n) of the Code), vacation pay, sickness, disability, or death benefit plan (whether provided through insurance, on a funded or unfunded basis, or otherwise), employee stock option, stock appreciation rights, stock purchase or other equity compensation plan, severance pay plan, cafeteria plan, arrangement, or practice, employee relations policy, practice, or arrangement, and each other employee benefit plan, program, or arrangement, including each “employee benefit plan” within the meaning of Section 3(3) of ERISA, which has been maintained by a Company, for the benefit of or relating to any current Employees or to any former Employees or their dependents, survivors, or beneficiaries, whether written or oral, or whether express or implied, or for which any Company, as applicable, or any entity that would be deemed a “single employer” with any Company under Sections 414(b), (c), (m), or (o) of the Code or Section 4001 of ERISA has any liability or contingent liability.

1.21 “Business” shall mean the business of an integrated developer, manufacturer and/or marketer of (1) bioimplants manufactured from human amniotic membrane, or (2) amnion based products.

1.22 “Cap” shall have the meaning given such term in Section 12.7(b).

1.23 “Cash” shall mean cash and cash equivalents, as determined in accordance with GAAP.

1.24 “CERCLA” shall mean the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, and the rules and regulations promulgated thereunder.

1.25 “Articles of Merger” shall mean the MP Holdings Articles of Merger and the OnRamp Articles of Merger.

1.26 “Claimant” shall have the meaning given such term in Section 12.3.

1.27 “Closing” shall mean the consummation of the Transactions.

1.28 “Closing Date” shall mean the date of the Closing.

1.29 “Closing Indebtedness” shall mean the aggregate amount of Indebtedness of the Companies as of the close of business on the business day immediately preceding the Closing Date.

1.30 “Closing Share Value” shall mean One and No/100 Dollars (\$1.00).

1.31 “Closing Working Capital” shall mean Working Capital as of the close of business on the business day immediately preceding the Closing Date.

1.32 “Code” shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

1.33 “Combined Product” which means any new product of Parent or its Affiliates that incorporates both a placenta derived tissue product incorporating [or related to any] Company Intellectual Property and a proprietary product or process of Parent or its Affiliate.

1.34 “Company” shall mean each of MP Holdings, OnRamp, and Surgical Biologics. “Companies” shall mean, collectively, MP Holdings, OnRamp, and Surgical Biologics.

1.35 “Company Contact” shall have the meaning given such term in Section 8.8(a).

1.36 “Company Disclosure Schedule” shall mean the disclosure schedule delivered by the Companies pursuant to ARTICLE IV, the section and subsection numbers and letters of which correspond to the section and subsection numbers and letters of ARTICLE IV.

1.37 “Company Indemnified Parties” shall have the meaning given such term in Section 12.1(c).

1.38 “Company Intellectual Property” shall mean any Intellectual Property that is, or is claimed by any Company to be, owned by, or exclusively licensed to, Surgical Biologics, MP Holdings, or OnRamp, as applicable.

1.39 “Company Governing Documents” shall mean, collectively, the MP Holdings Articles, the MP Holdings Operating Agreement, the OnRamp Articles, the OnRamp Operating Agreement, the Surgical Biologics Articles, and the Surgical Biologics Operating Agreement.

1.40 “Company Licenses” shall have the meaning given such term in Section 4.12(b).

1.41 “Company Material Adverse Effect” shall mean any change, effect, event, condition, state of facts, circumstance or development that has had or could reasonably be expected to have a material adverse effect on the business, properties, assets, condition (financial or otherwise), liabilities or results of operations of any Company or the Companies, taken as a whole, or that has prevented or materially delayed the ability of MP Holdings, OnRamp, or the Members to consummate the Transactions; provided, however, that none of the following shall constitute, in and of themselves, a “Company Material Adverse Effect”: (a) changes in general economic conditions or capital or financial markets generally, including interest or exchange rate changes generally, provided that no Company is affected in a manner disproportionate to companies in similar businesses and/or geographic areas; or (b) any natural disaster or acts of terrorism or war, provided that no Company is affected in a manner disproportionate to companies in similar businesses and/or geographic areas.

1.42 “Company Transaction Expenses” shall mean all fees and expenses of the Companies in connection with the preparation, negotiation, and consummation of this Agreement, the Transactions, and the other actions contemplated hereby, including, without limitation: (a) all fees and disbursements payable to legal service providers; (b) all bonuses or severance payments and any payroll taxes associated therewith to be paid to any director, officer or Employee of the Companies; (c) all finders’, brokerage, financial advisor, or similar fees or commissions that are payable by the Companies and each Member based on any agreement, arrangement, commitment or understanding in connection with this Agreement, the Transactions, and the other actions contemplated hereby, or otherwise payable to any investment banker, financial advisor, broker, finder, agent or similar intermediary retained by the Companies; and (d) all fees and expenses related to the procurement or maintenance of the Tail Policy, if any; in each case to the extent not paid out of Cash prior to the close of business on the business day immediately preceding the Closing Date.

1.43 “Competing Acquisition Transaction” shall mean any of the following: (a) any acquisition of, or any merger or consolidation involving, any Company; (b) any sale, license, or other disposition of all or a material portion of the assets of any Company; (c) any license of any material portion of the Company Intellectual Property; (d) the issuance, disposition or acquisition of any capital stock or other Equity Interest in any Company or any right to acquire such capital stock or Equity Interest; and (e) any other business combination, recapitalization, joint venture, or other similar transaction involving any Company or the Business.

1.44 “Confidential Information” shall mean any and all of the following information of the parties hereto that has been or may hereafter be disclosed in connection with the Transactions or pursuant to this Agreement in any form, whether in writing, orally, electronically, or otherwise, or otherwise made available by observation, inspection, or otherwise by any party hereto or its representatives (collectively, a “**Disclosing Party**”) to any other party hereto or its representatives (collectively, a “**Receiving Party**”): (i) all information that is a trade secret under applicable trade secret or other Law; (ii) all information concerning product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions, and ideas, past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, supplier and customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer hardware, computer software, and database technologies, systems, structures, and architectures; (iii) all information concerning the business and affairs of the Disclosing Party (which includes historical and current financial statements, financial projections and budgets, tax returns, and accountants’ materials, historical, current, and projected sales, capital spending budgets and plans, business plans, strategic plans, marketing and advertising plans, publications, client and customer lists and files, contracts, the names and backgrounds of key personnel and personnel training techniques and materials, however documented), and all information obtained from review of the Disclosing Party’s documents or property or discussions with the Disclosing Party regardless of the form of the communication; (iv) and all notes, analyses, compilations, studies, summaries, and other material prepared by the Receiving Party to the extent containing or based, in whole or in part, upon any information included in the foregoing.

1.45 “Consultant” shall mean any Person who is not an Employee of a Company and is a consultant, agent, sales representative, or independent contractor, who directly or indirectly renders or has rendered services to or on behalf of any Company.

1.46 “Contract” shall mean any commitment, arrangement, agreement, contract, note, bond, license, instrument or other binding commitment whether written or oral.

1.47 “Cost of Goods” means the cost to Parent to produce the Surgical Biologics Products, which shall be determined in a manner consistent with the calculation of Unit Cost.

1.48 “Current Assets” shall mean the aggregate dollar amount of all assets properly characterized in accordance with GAAP as current assets of the Companies as of the Closing Date.

1.49 “Current Liabilities” shall mean the aggregate dollar amount of all liabilities (other than Indebtedness) properly characterized in accordance with GAAP as current liabilities of the Companies as of the Closing Date.

1.50 “Direct Claim” shall have the meaning given such term in Section 12.3.

1.51 “Disclosing Party” shall have the meaning given such term under the definition of “Confidential Information.”

1.52 “Dispute” shall mean any dispute, controversy, or claim, whether based on contract, statute, tort, fraud, misrepresentation, or other legal theory, relating directly or indirectly to this Agreement or any agreement contemplated herein, any breach thereof, or the rights and obligations of the parties hereunder.

1.53 “Effective Time” shall mean, the later to occur of the time of acceptance of the filing of the Articles of Merger by the Secretary of State of the State of Georgia, or such later time as may be agreed to by the Parent and the Member Representative and specified in the Articles of Merger (it being acknowledged and agreed that the Effective Time shall not occur until both the MP Holdings Merger and the OnRamp Merger have become effective).

1.54 “Employee” shall mean any current or former employee of a Company as of the Closing Date.

1.55 “Employment Agreement” shall have the meaning given such term in Section 7.9.

1.56 “Environmental Laws” shall mean all local, state, federal, and foreign Laws relating to protection of the environment, health, and safety, including soil, land surface, or subsurface strata or medium, surface waters (including navigable waters and ocean waters), ground waters, drinking water supply, and stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource and pollution control, product registration, and Hazardous Materials.

1.57 “Equity Interests” shall mean: (a) equity securities, partnership interests, membership interests, capital stock, preferred stock, or similar ownership interests or other voting securities; (b) options, warrants, rights of first refusal or negotiation, or other rights to acquire equity securities, partnership interests, membership interests, capital stock, preferred stock, or similar ownership interests or other voting securities; (c) securities convertible into or exchangeable for equity securities, partnership interests, membership interests, capital stock, preferred stock, or similar ownership interests or other voting securities; or (d) phantom shares, phantom equity securities, phantom partnership interests, phantom membership interests, or stock or equity appreciation rights.

1.58 “Equity Plan” shall mean any plan of any Company that provides for the issuance of Equity Interests.

1.59 “ERISA” shall mean the Employee Retirement Income Security Act of 1974 , as amended, and the rules and regulations promulgated thereunder.

1.60 “ERISA Affiliate” shall have the meaning given such term in Section 4.15(d).

1.61 “Escrow Agent” shall mean Wells Fargo, N.A., as escrow agent under the Escrow Agreement.

1.62 “Escrow Agreement” shall have the meaning given such term in Section 7.7.

1.63 “Escrow Period” shall mean the period beginning on the Closing Date and ending on the date that is twenty-four (24) months following the Closing Date.

1.64 “Escrow Stock” shall mean that number of shares of Parent Common Stock, valued at the Closing Share Value per share, equal to ten percent (10%) of the Aggregate Stock Consideration.

1.65 “Excess Indebtedness” shall have the meaning given such term in Section 3.4(a)(i).

1.66 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

1.67 “FDA Approval Costs” shall mean any and all direct costs or expenses incurred by Surgical Biologics, the Parent or any of their Affiliates specifically in connection with, relating to, or arising out of seeking clearance or approval from the Food and Drug Administration of any Surgical Biologics Product subject to such clearance or approval by the Food and Drug Administration.

1.68 “Financial Statements” shall mean: (a) for each Company, the unaudited balance sheets, profit and loss statements, and statements of cash flows as of and for the years ended December 31, 2007, December 31, 2008, and December 31, 2009, including any footnotes thereto and additional or supplemental information supplied therewith; and (b) each Company’s Balance Sheet, and interim, internally prepared profit and loss statement and statement of cash flows as of and for the period ending December 17, 2010.

1.69 “Forward-Looking Statements” shall have the meaning given such term in Section 13.3.

1.70 “GAAP” shall mean United States generally accepted accounting principles, applied in a manner consistent with past practice.

1.71 “GLLCA” shall mean the Georgia Limited Liability Company Act.

1.72 “Governmental Entity” shall mean any: (a) union of states, state, country, city, town, borough, village, district, or other jurisdiction; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature, including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers; (d) multinational organization or body; (e) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power; (f) arbitration panel or other similar dispute-resolving panel or body; and (g) official of any of the foregoing.

1.73 “Gross Revenues” shall mean the gross revenues actually received by the Acquisition Parties directly resulting from the sale of Surgical Biologics Products, net of returns and allowances, plus fifty percent (50%) of gross revenues actually received by the Acquisition Parties directly resulting from the sale of Combined Products, net of returns and allowances.

1.74 “Hazardous Materials” shall mean any waste, pollutant, contaminant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process intermediate product or waste, asbestos or asbestos-containing materials, lead-based paint, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid, or gaseous products, or any constituent of any such substance or waste, the management, use, handling, or disposal of which by any Company is in any way governed by or subject to any applicable Environmental Laws.

1.75 “Holdback Amount” shall have the meaning given such term in Section 3.4(a)(i).

1.76 “Indebtedness” shall mean, without duplication, all indebtedness of Surgical Biologics, MP Holdings, or OnRamp, as applicable, for borrowed money and notes payable, including any interest accrued thereon and prepayment or similar penalties and expenses which are outstanding, deferred purchase obligations, capital leases, guarantees of obligations of any other Person, and drawn letters of credit; provided, however, that “Indebtedness” shall not include any indebtedness of one or more of the Companies owed to one or more of the other Companies.

1.77 “Indemnitor” shall have the meaning given such term in Section 12.3.

1.78 “Indemnified Directors and Officers” shall have the meaning given such term in Section 8.9.

1.79 “Independent Accountant” shall mean such accountant as may be agreed upon by the parties.

1.80 “Intellectual Property” shall mean any of the following and all rights in, arising out of, or associated therewith: (a) all United States, international, and foreign patents and applications therefor (of any kind) and all reissues, divisions, renewals, extensions, provisionals, continuations, and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, customer lists, computer programs and other computer software, user interfaces, processes and formulae, source code, object code, algorithms, methodologies, logical data models, physical data models, architecture, structure, display screens, layouts, development tools, instructions, templates and marketing materials, designs, all documentation relating to any and all of the foregoing, and all trade secret rights in and to any and all of the foregoing; (c) all copyrights, copyrights registrations, and applications therefor, and all other rights corresponding thereto throughout the world; (d) all industrial designs and any registrations and applications therefor throughout the world; (e) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations, intent-to-use applications, and other registrations and applications therefor throughout the world; (f) all databases and data collections and all rights therein throughout the world; (g) all domain names; and (h) any similar or equivalent rights to any of the foregoing anywhere in the world.

1.81 “IRS” shall mean the Internal Revenue Service.

1.82 “Joinder Agreement” shall mean a joinder agreement, in form and substance acceptable to the Parent, joining each signor thereof as a Member under this Agreement for all purposes.

1.83 “Law” or “Laws” shall mean all statutes, codes, regulations, rules, restrictions, ordinances, approvals, directives, licenses or permits, orders, decrees, judgments, injunctions, writs, and awards of, or issued by, any Governmental Entity.

1.84 “Leased Real Property” shall have the meaning given such term in Section 4.11(b).

1.85 “Lien” shall mean any security interest, mortgage, pledge, hypothecation, charge, claim, option, right to acquire, adverse interest, assignment, deposit arrangement, encumbrance, restriction, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction.

1.86 “Loss” or “Losses” shall mean any losses, damages, liabilities, obligations, actions, claims, suits, proceedings, demands, assessments, judgments, recoveries, fees, costs, and expenses (including all reasonable out-of-pocket expenses, reasonable investigation expenses, and reasonable fees and disbursements of accountants and counsel) of any nature whatsoever.

1.87 “Material Contract” shall have the meaning given such term in Section 4.13(b).

1.88 “Material Customer” shall have the meaning given such term in Section 4.27(a).

1.89 “Material Supplier” shall have the meaning given such term in Section 4.27(b).

1.90 “Member” shall mean each of the MP Holdings Members and the OnRamp Members.

1.91 “Members” shall mean collectively the MP Holdings Members and the OnRamp Members.

1.92 “Member Representative” shall have the meaning given such term in the preamble.

1.93 “Merger” shall have the meaning given such term in the recitals.

1.94 “MP Holdings” shall have the meaning given such term in the preamble.

1.95 “MP Holdings Acquisition Sub” shall have the meaning given such term in the preamble.

1.96 “MP Holdings Additional Amounts” shall mean the product of the applicable Additional Payment Amount in question multiplied by the MP Holdings Percentage.



- 1.97 “MP Holdings Articles” shall mean the Articles of Organization of MP Holdings in effect on the date hereof.
- 1.98 “MP Holdings Articles of Merger” shall have the meaning given such term in Section 2.1(b).
- 1.99 “MP Holdings Closing Cash Consideration” shall mean all of the Aggregate Closing Cash Consideration.
- 1.100 “MP Holdings Closing Consideration” shall mean, collectively, the MP Holdings Closing Cash Consideration, the MP Holdings Notes, and the MP Holdings Closing Stock Consideration.
- 1.101 “MP Holdings Closing Stock Consideration” shall mean that number of shares of Parent Common Stock equal to the product of the Aggregate Closing Stock Consideration multiplied by the MP Holdings Percentage.
- 1.102 “MP Holdings Consideration” shall have the meaning given such term in Section 3.1(a).
- 1.103 “MP Holdings Managers” shall have the meaning given such term in the recitals.
- 1.104 “MP Holdings Member(s)” shall mean the owners, holders, and beneficial owners of MP Holdings Membership Interests immediately prior to the Closing.
- 1.105 “MP Holdings Membership Interests” shall mean all of the outstanding membership interests of MP Holdings.
- 1.106 “MP Holdings Merger” shall have the meaning given such term in the recitals.
- 1.107 “MP Holdings Notes” shall mean the secured promissory notes issued to the MP Holdings Members substantially in the form attached hereto as Exhibit A, in the aggregate principal amount equal to the MP Holdings Note Consideration.
- 1.108 “MP Holdings Note Consideration” shall mean an aggregate amount equal to the product of \$1,250,000 multiplied by the MP Holdings Percentage.
- 1.109 “MP Holdings Operating Agreement” shall mean the Operating Agreement of MP Holdings in effect on the date hereof.
- 1.110 “MP Holdings Percentage” shall mean [twenty-nine percent (29%)].
- 1.111 “Notes” shall mean the MP Holdings Notes and the OnRamp Notes.
- 1.112 “NuTech” shall mean NuTech Development & Design LLC.

1.113 “NuTech Agreement” shall mean that certain “Tissue Supply Agreement” dated May 27, 2010, between Surgical Biologics and NuTech.

1.114 “Options” shall mean any options to purchase an Equity Interest in any Company, granted pursuant to an Equity Plan or any Contract.

1.115 “OnRamp” shall have the meaning given such term in the preamble.

1.116 “OnRamp Acquisition Sub” shall have the meaning given such term in the preamble.

1.117 “OnRamp Additional Amounts” shall mean the product of the applicable Additional Payment Amount in question multiplied by the OnRamp Percentage.

1.118 “OnRamp Articles” shall mean the Articles of Organization of OnRamp in effect on the date hereof.

1.119 “OnRamp Articles of Merger” shall have the meaning given such term in Section 2.1(b).

1.120 “OnRamp Closing Cash Consideration” shall mean shall mean zero dollars (\$0.00).

1.121 “OnRamp Closing Consideration” shall mean, collectively, the OnRamp Closing Cash Consideration, the OnRamp Notes, and the OnRamp Closing Stock Consideration.

1.122 “OnRamp Closing Stock Consideration” shall mean that number of shares of Parent Common Stock equal to the product of the Aggregate Closing Stock Consideration multiplied by the OnRamp Percentage.

1.123 “OnRamp Consideration” shall have the meaning given such term in Section 3.1(b).

1.124 “OnRamp Managers” shall have the meaning given such term in the recitals.

1.125 “OnRamp Member(s)” shall mean the owners, holders, and beneficial owners of the OnRamp Membership Interests immediately prior to the Closing.

1.126 “OnRamp Membership Interests” shall mean all of the outstanding membership interests of OnRamp.

1.127 “OnRamp Merger” shall have the meaning given such term in the recitals.

1.128 “OnRamp Notes” shall mean the secured promissory notes issued to the OnRamp Members substantially in the form attached hereto as Exhibit A, in the aggregate principal amount equal to the OnRamp Note Consideration.

1.129 “OnRamp Note Consideration” shall mean an amount equal to the product of \$1,250,000 multiplied by the OnRamp Percentage.

1.130 “OnRamp Operating Agreement” shall mean the Operating Agreement of OnRamp in effect on the date hereof.

1.131 “OnRamp Percentage” shall mean seventy-one percent (71%).

1.132 “Parent” shall have the meaning given such term in the preamble.

1.133 “Parent Common Stock” shall mean the common stock, par value \$.001, of the Parent.

1.134 “Parent Contact” shall have the meaning given such term in Section 8.8(a).

1.135 “Permits” shall mean all permits, licenses, registrations, certificates, orders, approvals, franchises, variances, and similar rights issued by or obtained from any Governmental Entity (including those issued or required under Environmental Laws, those relating to the occupancy or use of owned or leased real property, and those relating to the gaming industry).

1.136 “Person” shall mean an individual, partnership, corporation, limited liability company, trust, unincorporated organization, association, joint venture, or other entity or a Governmental Entity.

1.137 “Pre-Closing Tax Period” shall have the meaning given such term in Section 12.1(a)(v).

1.138 “Property Lease” and “Property Leases” shall have the meanings given such terms in Section 4.11(b).

1.139 “Receiving Party” shall have the meaning given such term under the definition of “Confidential Information.”

1.140 “Registration Rights Agreement” shall have the meaning given such term in Section 7.10.

1.141 “Related Persons” shall mean any Member or any directors, officers, and Employees of any Company, or any person with whom any Members or such directors, officers, or Employees has any direct or indirect relation by blood, marriage, or adoption, or any Person in which any such person owns any beneficial interest (other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the counter market and less than five percent (5%) of the stock of which is beneficially owned by all such persons in the aggregate).

1.142 “Required Consents” shall mean the consents, approvals, authorizations, and notices referred to in Section 4.4.

1.143 “Resignation and Release” shall have the meaning given such term in Section 7.5.

1.144 “Restrictive Covenants Agreement” shall have the meaning given such term in Section 7.8.

1.145 “SEC” shall mean the Securities and Exchange Commission.

1.146 “Securities Act” shall mean the Securities Act of 1933, as amended.

1.147 “Security Agreement” shall have the meaning given such term in Section 7.11.

1.148 “Seller Fundamental Representation” and “Seller Fundamental Representations” shall have the meanings given such terms in Section 12.2(a).

1.149 “Straddle Period” shall have the meaning given such term in Section 12.1(a)(v).

1.150 “Subsidiary” shall mean with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity’s gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary, and any former Subsidiary.

1.151 “Surgical Biologics” shall have the meaning given such term in the recitals.

1.152 “Surgical Biologics Articles” shall mean the Articles of Organization of Surgical Biologics filed with the Georgia Secretary of State on February 6, 2006.

1.153 “Surgical Biologics Membership Interests” shall mean all of the outstanding membership interests of Surgical Biologics.

1.154 “Surgical Biologics Operating Agreement” shall mean the Second Amended and Restated Operating Agreement of Surgical Biologics dated as of January 1, 2010.

1.155 “Surgical Biologics Products” shall mean those products listed on Schedule 1.155 attached hereto and incorporated herein by reference, plus any products based primarily on the Company Intellectual Property.

1.156 “Surviving Company” shall mean, as of the Effective Time, MP Holdings Acquisition Sub, OnRamp Acquisition Sub, or Surgical Biologics, as applicable, and collectively, the “Surviving Companies.”

1.157 “Surviving Company Indemnified Parties” shall have the meaning given such term in Section 12.1(a).

1.158 “Tail Policy” shall mean the extended reporting period endorsements under the Companies’ existing directors’ and officers’ liability insurance coverage, as contemplated by Section 8.9.

1.159 “Tax” or “Taxes” shall mean all federal, state, local, territorial, and foreign taxes, levies, deficiencies, or other assessments and other charges of whatever nature (including income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, backup withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, real property gains, registration, value added, corporation tax, pay as you earn, national insurance, alternative or add-on minimum, and estimated taxes and workers’ compensation premiums and other governmental charges, and other obligations of the same nature as or of a nature similar to any of the foregoing) imposed by any taxing authority, including any transferee liability in respect of any Tax (whether imposed by law, contractual agreement, or otherwise) and any liability in respect of any Tax as a result of being a member of any affiliated, consolidated, combined unitary, or similar group, including any liability pursuant to Treasury Regulation Section 1.1502-6, and including any interest, penalty (civil or criminal), or addition thereto, whether disputed or not.

1.160 “Tax Return” shall mean any federal, state, local, or foreign return, declaration, report, claim for refund, amended return, declarations of estimated Tax, information return, or statement relating to Taxes, and any schedule or attachment thereto, filed or maintained, or required to be filed or maintained, in connection with the calculation, determination, assessment, or collection of any Taxes, and including any amendment thereof, as well as, where permitted or required, combined or consolidated returns for any group of entities that include any Company.

1.161 “Third Person Claim” shall have the meaning given such term in Section 12.4(a).

1.162 “Transaction Consideration” shall mean the sum of the OnRamp Consideration and the MP Holdings Consideration.

1.163 “Transaction Consideration Schedule” shall have the meaning given such term in Section 3.4(a)(i).

1.164 "Transactions" shall mean the Merger and the other transactions contemplated by this Agreement.

1.165 "Unit Cost" shall mean, with respect to a particular Surgical Biologics Product, the "Cost per graft" for such Surgical Biologics Product shown on Schedule 1.155 attached hereto, which includes the methodology for calculating the Unit Cost.

1.166 "Warrants" shall mean any warrants to purchase an Equity Interest in any Company pursuant to any Contract between any Company and the holder of the warrant.

1.167 "Working Capital" shall mean Current Assets minus Current Liabilities.

1.168 "Working Capital Deficit" shall mean the amount, if any, determined in accordance with Section 3.4(a)(ii)

**Exhibit A**

Form of Notes  
(copy attached)

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**Exhibit B**

Resignation and Release  
(copy attached)

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**Exhibit C**

Escrow Agreement  
(copy attached)

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**Exhibit D**

Restrictive Covenants Agreement  
(copy attached)

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**Exhibit E**

Employment Agreement  
(copy attached)

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**Exhibit F**

Registration Rights Agreement  
(copy attached)

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## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") made effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 201 \_\_\_\_\_ is entered into by and among MiMedx Group, Inc., a Florida corporation (the "Company"), and certain persons and entities holding securities of the Company who sign the signature page to this Agreement (individually, an "Shareholder" and, collectively, the "Shareholders").

WHEREAS, the Company and the Shareholder are parties to that certain Agreement and Plan of Merger, dated as of December \_\_\_\_\_, 2010 (the "Merger Agreement"), by and among: the Company; MP Holdings Acquisition Sub, LLC, a limited liability company organized under the laws of the State of Georgia; OnRamp Acquisition Sub, LLC, a limited liability company organized under the laws of the State of Georgia; Membrane Products Holdings, LLC, a limited liability company organized under the laws of the State of Georgia ("MP Holdings"); each of the MP Holdings Members (as defined therein); Onramp Capital Investments, LLC, a limited liability company organized under the laws of the State of Georgia ("OnRamp"); each of the OnRamp Members (as defined therein); John Daniel, in his capacity as the Member Representative (as defined therein) ("Member Representative"); and Surgical Biologics, LLC, a limited liability company organized under the laws of the State of Georgia ("Surgical Biologics");

WHEREAS, in connection with the acquisition of MP Holdings and OnRamp, the Company will issue unregistered shares of the Company's common stock to the Shareholders, in connection with which the Company wishes to grant certain registration rights to the Shareholders.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto covenant and agree as follows:

**Section 1. Certain Definitions.** As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" means with respect to any Shareholder, any partner or member of such Shareholder, or any Person that directly or indirectly controls or is controlled by or is under common control with, such Shareholder.

"Articles of Incorporation" means the Company's Articles of Incorporation in effect on the date hereof and as amended, modified or restated from time to time.

"Blue Sky Application" has the meaning ascribed to such term in Section 4(a) hereof.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act and the Exchange Act.

"Common Stock" means the common stock of the Company and any other securities into which or for which any of the common stock of the Company may be converted or exchanged pursuant to a stock split, stock dividend, plan of recapitalization, reorganization, merger, consolidation, sale of assets or other similar transaction.

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“Employee Shares” means the shares of Common Stock owned or beneficially held by the executive officers of the Company from time to time.

“Exchange Act” means the Securities Exchange Act of 1934, or any similar or successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

“Form S-1, S-3 and SB-2” means Forms S-1, S-3 and SB-2, as the case may be, promulgated under the Securities Act and as in effect on the date hereof or any similar or successor forms promulgated under the Securities Act or adopted by the Commission.

“Merger Stock” means the (i) shares of Common Stock issued to the Shareholders pursuant to the Merger Agreement, and (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such Merger Stock.

“Person” means an individual, corporation, limited liability company, partnership, joint venture, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

“Registrable Shares” means, in the aggregate, that number of shares of Merger Stock equal to the number of Employee Shares being registered by the Company under the Securities Act, and, with respect to a Shareholder, that number of shares of the Merger Stock held by such Shareholder equal to the number of Employee Shares being registered by the Company under the Securities Act multiplied by the percentage of the Merger Stock received by such Shareholder pursuant to the Merger Agreement.

“Registration Expenses” has the meaning ascribed to such term in Section 7 hereof.

“Rule 144” means Rule 144 promulgated under the Securities Act or any similar or successor rule.

“Rule 145” means Rule 145 promulgated under the Securities Act or any similar or successor rule.

“Securities Act” means the Securities Act of 1933, or any similar or successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

“Selling Expenses” has the meaning ascribed to such term in Section 7 hereof.

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## Section 2. “Piggy-Back” Registrations.

(a) If the Company at any time after the issuance of the Merger Stock to the undersigned Shareholders, at a time when its equity securities are registered under Section 12 of the Exchange Act, proposes to register under the Securities Act any shares of Employee Shares (except with respect to (i) registration statements on Forms S-4, S-8 or any successor to such forms or another form not available for registering the Registrable Shares for sale to the public or (ii) any registration statement including only securities issued pursuant to a dividend reinvestment plan), each such time it will promptly give written notice to all Shareholders holding Registrable Shares of its intention so to do. Upon the written request of any such Shareholder, received by the Company within 20 days after the giving of any such notice by the Company, to register any or all of such Shareholder’s Registrable Shares, the Company will use its commercially reasonable efforts to cause the Registrable Shares as to which registration shall have been so requested to be included in the securities to be covered by the registration statement proposed to be filed by the Company, all to the extent requisite to permit the sale or other disposition by the Shareholder (in accordance with its written request) of such Registrable Shares so registered. The Company shall be obligated to include in such registration statement only such limited portion of Registrable Shares with respect to which such Shareholder has requested inclusion hereunder.

(b) If the registration of which the Company gives notice as provided above is for a registered public offering involving an underwriting, the Company shall so advise the Shareholders holding Registrable Shares as a part of the written notice given pursuant to this Section 2. In such event the right of any Shareholder holding Registrable Shares to registration pursuant to this Section 2 shall be conditioned upon such Shareholder’s participation in such underwriting to the extent provided herein. All Shareholders holding Registrable Shares proposing to distribute their securities through such underwriting shall (together with the shares of Common Stock to be registered by the Company and shares of Common Stock held by Persons who by virtue of agreements with the Company are entitled to include shares in such registration) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for underwriting by the Company. If any Shareholder holding Registrable Shares disapproves of the terms of any such underwriting, that Shareholder may elect to withdraw therefrom by timely written notice to the Company and the underwriter. Any Registrable Shares or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(c) Notwithstanding any other provision of this Section 2, if the underwriter determines that marketing factors require a limitation on the number of shares to be underwritten or if the Commission imposes such a limitation, such limitation will be imposed pro rata with respect to all securities whose holders have a contractual, incidental (“Piggy-Back”) right to include such securities in the registration statement and as to which inclusion has been requested pursuant to such right, provided, however, that no such reduction shall reduce the number of securities held by Shareholders holding Registrable Shares proposing to distribute their securities through such underwriting if any securities are to be included in such underwriting for the account of any Person other than the Company or Shareholders holding Registrable Shares other than a Shareholder exercising a demand or required registration right.

(d) Notwithstanding the foregoing provisions, the Company may withdraw any registration statement referred to in this Section 2 without thereby incurring any liability to the Shareholders.

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**Section 3. Expiration of Obligations.** The obligations of the Company to register Registrable Shares pursuant to Section 2 of this Agreement shall expire on the first to occur of (i) the date when the Shareholder holding of such Registrable Shares shall be able to sell its Registrable Shares under Rule 144 and Rule 145, or (ii) when no Registrable Shares are outstanding.

**Section 4. Indemnification; Procedures; Contribution.**

(a) In the event that the Company registers any of the Registrable Shares under the Securities Act in accordance with this Agreement, the Company will, to the extent permitted by law, indemnify and hold harmless each Shareholder holding, and each underwriter of, the Registrable Shares (including their officers, directors, affiliates and partners) so registered (including any broker or dealer through whom such shares may be sold) and each Person, if any, who controls such Shareholder or any such underwriter within the meaning of Section 15 of the Securities Act from and against any and all losses, claims, damages, expenses or liabilities, joint or several, to which they or any of them become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse each such Shareholder, each such underwriter and each such controlling Person, if any, for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement, any filing with any state or federal securities commission or agency or any prospectus, offering circular or other document created or approved by the Company incident to such registration (including any related notification, registration statement under which such Registrable Shares were registered under the Securities Act pursuant to Section 2 of this Agreement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof), (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Shares under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"), (iii) any omission or alleged omission to state in any such registration statement, prospectus, amendment or supplement or in any Blue Sky Application executed or filed by the Company, a material fact required to be stated therein or necessary to make the statements therein not misleading, (iv) any violation by the Company or its agents of the Securities Act or any rule or regulation promulgated under the Securities Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration, or (v) any failure to register or qualify the Registrable Shares in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company (the undertaking of any underwriter chosen by the Company being attributed to the Company) will undertake such registration or qualification (provided that in such instance the Company shall not be so liable if it has used its commercially reasonable efforts to so register or qualify the Registrable Shares) and will reimburse each such Shareholder, and such officer, director and partner, each such underwriter and each such controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, promptly after being

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so incurred, provided, however, that the Company will not be liable in any such case (y) if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with written information furnished by any Shareholder, any underwriter or any controlling Person in writing specifically for use in such registration statement or prospectus, or (z) in the case of a sale directly by such Shareholder of Registrable Shares (including a sale of such Registrable Shares through any underwriter retained by such Shareholder to engage in a distribution solely on behalf of such Shareholder), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus, and such Shareholder holding Registrable Shares failed to deliver a copy of the final or amended prospectus at or prior to the confirmation of the sale of Registrable Shares to the Person asserting any such loss, claim, damage or liability in any case where such delivery is required by the Securities Act or any state securities laws.

(b) In the event of a registration of any of the Registrable Shares under the Securities Act pursuant to Section 2 of this Agreement, each seller of such Registrable Shares thereunder, severally and not jointly, will indemnify and hold harmless the Company, each Person, if any, who controls the Company within the meaning of the Securities Act, each officer of the Company who signs the registration statement, each director of the Company, each other seller of Registrable Shares, each underwriter and each Person who controls any underwriter within the meaning of the Securities Act, against all losses, claims, damages or liabilities, joint or several, to which the Company or such officer, director, other seller, underwriter or controlling Person may become subject under the Securities Act or otherwise, solely insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any prospectus offering circular or other document incident to such registration (including any related notification, registration statement under which such Registrable Shares were registered under the Securities Act pursuant to Section 2, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof), or any Blue Sky Application or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and each such officer, director, other seller, underwriter and controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, promptly after being so incurred, provided, however, that such seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information pertaining to such seller, as such, furnished in writing to the Company by such seller specifically for use in such registration statement or prospectus; and provided, further, that the liability of each seller hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense which is equal to the proportion that the public offering price of all securities sold by such seller under such registration statement bears to the total public offering price of all securities sold thereunder, but not in any event to exceed the net proceeds received by such seller from the sale of Registrable Shares covered by such registration statement. Not in limitation of the foregoing, it is understood and agreed that, except as set forth in Section 4(e), the indemnification obligations of any seller hereunder pursuant to any underwriting agreement entered into in connection herewith shall be limited to the obligations contained in this subparagraph (b).

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(c) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to such indemnified party other than under this Section 4 and shall only relieve it from any liability which it may have to such indemnified party under this Section 4 if and to the extent the indemnifying party is prejudiced by such omission. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 4 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected, provided, however, that, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or that the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select one separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. No indemnifying party, in the defense of any such claim or action, shall, except with the consent of each indemnified party, which consent shall not be unreasonably withheld or delayed, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or action, and the indemnification agreements contained in Sections 4(a) and 4(b) shall not apply to any settlement entered into in violation of this sentence. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any Shareholder exercising rights under this Agreement, or any controlling Person of any such Shareholder, makes a claim for indemnification pursuant to this Section 4 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 4 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any such Shareholder or any such controlling Person in circumstances for which indemnification is provided under this Section 4, then, and in each such case, the Company and such Shareholder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that such Shareholder is responsible for the portion represented by the percentage that the public offering price of its Registrable Shares offered by the registration statement bears to the public offering price of all securities offered by such registration statement, and the Company is responsible for the remaining portion, provided, however, that, in any such case, (A) no such Shareholder will be required to contribute any amount in excess of the proceeds received from the sale of all such Registrable Shares offered by such Shareholder pursuant to such registration statement and (B) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

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(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The indemnities and obligations provided in this Section 4 shall survive the completion of any offering of Registrable Shares and the transfer of any Registrable Shares by such Shareholder.

**Section 5. Exchange Act Registration and Rule 144 Reporting.** With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Registrable Shares to the public without registration, except as provided in paragraph (c) below, at all times after 180 days after (i) any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, or (ii) so long as the Company's equity securities are registered pursuant to Section 12 of the Exchange Act, the Company agrees that it will use its commercially reasonable efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144, so long as the Company remains subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;

(c) Take such action, including the voluntary registration of its Common Stock under Section 12 of the Exchange Act, as is necessary to enable the Shareholders holding Registrable Shares to utilize Form S-3 for the sale of their Registrable Shares, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(d) Furnish to each Shareholder holding Registrable Shares forthwith upon request (A) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and, so long as the Company is subject to such reporting requirements, of the Securities Act and the Exchange Act, or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies), (B) a copy of the most recent annual or quarterly report of the Company and (C) such other information, reports and documents so filed by the Company as such Shareholder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Shareholder to sell any Registrable Shares without registration; and

(e) Make available to each Shareholder the same services with regard to customary Rule 144 legal opinions as it provides to its affiliates.

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**Section 6. Registration Procedures.**

(a) If and whenever the Company is required by the provisions of Section 2 of this Agreement to use its commercially reasonable efforts to effect the registration of any Registrable Shares under the Securities Act, the Company will, as expeditiously as possible:

(i) Prepare and file with the Commission a registration statement with respect to such securities, including executing an undertaking to file post-effective amendments, and use its commercially reasonable efforts to cause such registration statement to become and remain effective for the period of the distribution contemplated thereby;

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period specified herein and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares covered by such registration statement in accordance with the sellers' intended method of disposition set forth in such registration statement for such period;

(iii) Furnish to each seller of Registrable Shares and to each underwriter such number of copies of the registration statement and each such amendment and supplement thereto (in each case including all exhibits) and the prospectus included therein (including each preliminary prospectus) as such Persons reasonably may request in order to facilitate the public sale or other disposition of the Registrable Shares covered by such registration statement;

(iv) Use its commercially reasonable efforts to register or qualify the Registrable Shares covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as the sellers of Registrable Shares or, in the case of an underwritten public offering, the managing underwriter reasonably shall request, provided that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction, unless the Company is already subject to service in such jurisdiction;

(v) Use its commercially reasonable efforts to list the Registrable Shares covered by such registration statement with any securities exchange or quotation system on which the Common Stock of the Company is then listed;

(vi) Use its commercially reasonable efforts to comply with all applicable rules and regulations under the Securities Act and Exchange Act;

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(vii) Immediately notify each seller of Registrable Shares and each underwriter under such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare and furnish to such seller a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(viii) If the offering is underwritten and at the request of any seller of Registrable Shares, furnish on the date that Registrable Shares are delivered to the underwriters for sale pursuant to such registration (i) an opinion, in customary form and dated the effective date of the registration statement, of counsel representing the Company for the purposes of such registration, addressed to the underwriters to such effect as reasonably may be requested by counsel for the underwriters and copies of such opinion addressed to the sellers of Registrable Shares and (ii) a letter dated such date from the independent public accountants retained by the Company, addressed to the underwriters stating that they are independent public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements of the Company included in the registration statement or the prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five business days prior to the date of such letter) with respect to such registration as such underwriters reasonably may request;

(ix) Upon reasonable notice and at reasonable times during normal business hours, make available for inspection by each seller of Registrable Shares, any underwriter participating in any distribution pursuant to such registration statement, and any attorney, accountant or other agent retained by such seller or underwriter, reasonable access to all financial and other records, pertinent corporate documents and properties of the Company, as such parties may reasonably request, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(x) Cooperate with the selling Shareholders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Shares to be sold, such certificates to be in such denominations and registered in such names as such Shareholders or the managing underwriter may request at least two business days prior to any sale of Registrable Shares; and

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(xi) Permit any Shareholder holding Registrable Shares which Shareholder, in the sole and exclusive judgment, exercised in good faith, of such Shareholder, might be deemed to be a controlling Person of the Company, to participate in good faith in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Shareholder and its counsel should be included.

(b) For purposes of this Agreement, the period of distribution of Registrable Shares in a firm commitment underwritten public offering shall be deemed to extend until each underwriter has completed the distribution of all securities purchased by it, and the period of distribution of Registrable Shares in any other registration shall be deemed to extend until the earlier of the sale of all Registrable Shares covered thereby or 180 days after the effective date thereof, provided, however, in the case of any registration of Registrable Shares on Form S-3 or a comparable or successor form which are intended to be offered on a continuous or delayed basis, such 180 day-period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Shares are sold, provided that Rule 415, or any successor or similar rule promulgated under the Securities Act, permits the offering to be conducted on a continuous or delayed basis, and provided further that applicable rules under the Securities Act governing the obligation to file a post-effective amendment, permit, in lieu of filing a post-effective amendment which (y) includes any prospectus required by Section 10(a)(3) of the Securities Act or (z) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (y) and (z) above contained in periodic reports filed pursuant to Section 13 or 15(d) of the Exchange Act in the registration statement.

(c) Whenever under the preceding Sections of this Agreement the Shareholders holding Registrable Shares are registering such shares pursuant to any registration statement, each such Shareholder agrees to (i) timely provide in writing to the Company, at its request, such information and materials as the Company may reasonably request in order to effect the registration of such Registrable Shares in compliance with federal and applicable state securities laws, and (ii) provide the Company with appropriate representations with respect to the accuracy of such information provided by such Sellers pursuant to subsection (i).

**Section 7. Expenses.** In the case of any registration statement under Section 2 of this Agreement, the Company shall bear all costs and expenses of each such registration, including, but not limited to, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or “blue sky” laws, fees of the Financial Industry Regulatory Authority, Inc. (as any successor thereto), transfer taxes, fees of transfer agents and registrars, costs of any insurance which might be obtained by the Company with respect to the offering by the Company and the reasonable fees and disbursements of one counsel selected by a majority in interest of the sellers of Registrable Shares (collectively, “Registration Expenses”). The Company shall have no obligation to pay or otherwise bear any portion of the underwriters’ commissions or discounts attributable to the Registrable Shares (“Selling Expenses”). All Selling Expenses in connection with each registration statement under Section 2 of this Agreement shall be borne by the participating sellers (including the Company, where applicable) in proportion to the number of shares registered by each, or by such participating sellers other than the Company (to the extent the Company shall be a seller) as they may agree.

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**Section 8. Delay of Registration.** For a period not to exceed 180 days, the Company shall not be obligated to prepare and file, or be prevented from delaying or abandoning, a registration statement pursuant to this Agreement at any time when the Company furnishes to Shareholders holding Registrable Shares that have requested to have such Registrable Shares included in a registration statement covered by the terms of this Agreement a certificate signed by the Chief Executive Officer or President of the Company stating that in the good faith judgment of the Board of Directors of the Company the filing thereof at the time requested, or the offering of Registrable Shares pursuant thereto, would be seriously detrimental to the Company or its shareholders, or materially and adversely affect (a) a pending or scheduled public offering of the Company's securities, (b) an acquisition, merger, recapitalization, consolidation, reorganization or similar transaction by or of the Company, (c) pre-existing and continuing negotiations, discussions or pending proposals with respect to any of the foregoing transactions, or (d) the financial condition of the Company in view of the disclosure of any pending or threatened litigation, claim, assessment or governmental investigation which may be required thereby, and that the failure to disclose any material information with respect to the foregoing would cause a violation of the Securities Act or the Exchange Act.

**Section 9. Conditions to Registration Obligations.** The Company shall not be obligated to effect the registration of Registrable Shares pursuant to Section 2 of this Agreement unless all holders of shares being registered consent to reasonable conditions imposed by the Company as the Company shall determine with the advice of counsel to be required by law including, without limitation:

(a) Conditions prohibiting the sale of shares by such holders until the registration shall have been effective for a specified period of time;

(b) Conditions requiring such Shareholder to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and similar provisions of Section 10 of the Exchange Act and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(c) Conditions prohibiting such holders upon receipt of facsimile, electronic or written notice from the Company (until further notice) from effecting sales of shares, such notice being given to permit the Company to correct or update a registration statement or prospectus;

(d) Conditions requiring that at the end of the period during which the Company is obligated to keep the registration statement effective, the holders of shares included in the registration statement shall discontinue sales of shares pursuant to such registration statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such registration statement that remain unsold, and requiring such holders to notify the Company of the number of shares registered that remain unsold immediately upon receipt of notice from the Company; and

(e) Conditions requiring the Shareholders holding Registrable Shares to enter into an underwriting agreement in form and substance reasonably satisfactory to the Company and the Shareholders holding Registrable Shares.

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**Section 10. Miscellaneous.**

(a) No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) Except as hereinafter provided, amendments or additions to this Agreement may be made, this Agreement may be terminated, and compliance with any covenant or provision set forth herein may be omitted or waived, only with the written consent of the Company and the Shareholder or Shareholders of at least a majority in interest of the Registrable Shares; provided, however, that any modification or amendment that affects any such Shareholder in a manner different from the effect on the other Shareholders of Registrable Shares shall require the affirmative approval of such Shareholder. Any waiver or consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, this Agreement may be amended to add new parties and/or Registrable Shares the Company consents thereto and any new party executes and delivers to the Company a copy of the signature page hereto.

(c) All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered or certified mail, return receipt requested, postage prepaid:

If to the Company to: MiMedx Group, Inc.  
811 Livingston Court. SE, Suite B  
Marietta, Georgia 30067  
Attn: General Counsel  
Fax No: (678) 384-6741

If to any Shareholder to: The address of such Shareholder as set forth in the records of the Company

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the fifth business day following the day such mailing is made.

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(d) This Agreement constitutes the entire agreement between the parties and supersedes any prior understandings or agreements concerning the subject matter hereof.

(e) In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Agreement shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Agreement shall nevertheless remain in full force and effect.

(f) The parties hereto acknowledge and agree that (i) each party and its counsel, if so represented, reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision and (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(g) All statements, representations, warranties, covenants and agreements in this Agreement shall be binding on the parties hereto and shall inure to the benefit of the respective successors and permitted assigns of each party hereto.

(h) This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of Georgia without giving effect to the conflict of law principles thereof.

(i) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of Georgia or of the United States of America for the Northern District of Georgia. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each of the parties hereto irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to the party at its address set forth in Section 10(c) hereof.

(j) In the event of any change in the Common Stock or other securities covered hereunder, by way of a stock split, stock dividend, combination or redemption, or through merger, consolidation, reorganization or otherwise, appropriate adjustment shall be made in the provisions hereof, including, without limitation, an equitable adjustment of to the number of Registrable Shares. For purposes of determining the number of shares held by any Shareholder, all shares held by any Affiliate of such Shareholder shall be deemed to be held by such Shareholder.

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(k) No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing among the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(l) The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(m) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterparts.

*[Signatures contained on the following pages]*

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**IN WITNESS WHEREOF**, the parties hereto have executed this Registration Rights Agreement or caused this Registration Rights Agreement to be executed by their duly authorized representatives as of the date first above written.

**COMPANY:**

**MiMedx Group, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Shareholders' signatures contained on the following pages]*

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COUNTERPART SIGNATURE PAGE TO  
REGISTRATION RIGHTS AGREEMENT

OF MIMEDX GROUP, INC.

The undersigned, desiring to become a party as an Shareholder to the Registration Rights Agreement effective as of \_\_\_\_\_, 201\_, by and among MiMedx Group, Inc. and the Shareholders (as defined therein) (the "Registration Rights Agreement"), hereby accepts, adopts, and agrees to be bound by all terms, conditions, and representations set forth in the Registration Rights Agreement and, by executing this Counterpart Signature Page, hereby authorizes this Counterpart Signature Page to be attached to and become part of the Registration Rights Agreement.

Executed under seal as of this \_\_\_\_\_ day of \_\_\_\_\_, 201\_.

Signature for Corporate, Partnership, or other Equity  
Shareholder:

Signature for Individual Shareholder:

\_\_\_\_\_  
(Print Name of Entity)

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

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**Exhibit G**

Security Agreement  
(copy attached)

**REVOLVING SECURED LINE OF CREDIT AGREEMENT**

THIS REVOLVING SECURED LINE OF CREDIT AGREEMENT (this "Agreement"), made as of March 31, 2011, by and among **MiMedx Group, Inc.**, a Florida Corporation (the "Borrower") and **Parker H. "Pete" Petit**, a resident of Florida ("Lender").

BACKGROUND:

The Borrower desires to establish with the Lender a line of credit providing for a revolving loan of up to \$3,600,000 in the aggregate maximum principal amount at any time outstanding, and the Lender is willing to establish such line of credit on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the promises herein contained, and each intending to be legally bound hereby, the parties agree as follows:

SECTION 1. **DEFINITIONS.** For all purposes of this Agreement and any amendment hereto (except as herein otherwise expressly provided or unless the context otherwise requires), the following terms shall have the following meanings:

"Advance" means any loan made by the Lender to the Borrower under the terms of this Agreement.

"Borrowing" means a borrowing of a loan consisting of an Advance by the Lender.

"Business" shall have the meaning ascribed to such term in Section 4(b).

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in the State of Georgia are authorized by law to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all of the intellectual property of the Borrower, excluding only (i) the patents and other intellectual property owned by Surgical Biologics, LLC, and (ii) all accessions to, substitutions for and replacements, products and proceeds thereof, as more particularly set forth in the Security and Intercreditor Agreement.

"Commitment" means, collectively, the binding obligation to lend to the Borrower the amount of Three Million Six Hundred Thousand and No/100 Dollars (\$3,600,000), reduced by the amount of cash reflected on the Borrower's Financial Statement as of March 31, 2011, excluding any Advances made by Lender, and further reduced by the amount of the net proceeds of any financing obtained or debt securities sold by the Borrower or any equity investment into the Borrower, on or after the date hereof and prior to the Termination Date.

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“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” shall have the meaning ascribed to such term in Section 2(d).

“Dollars” or “\$” means dollars in lawful currency of the United States of America.

“Event of Default” shall have the meaning assigned to such term in Section 6(a).

“GAAP” means generally accepted accounting principles in effect from time to time.

“Governmental Authority” means any federal, state or municipal court or other governmental department, commission, board, bureau, agency or instrumentality, governmental or quasi-governmental, domestic or foreign.

“Indebtedness” means, for any Person at the time of any determination, without duplication, all obligations, contingent or otherwise, of such Person that, in accordance with GAAP, should be classified upon the balance sheet of such Person as indebtedness.

“Loan Documents” means this Agreement, the Note, all First Contingent Warrants issued by Borrower to Lender, all Second Contingent Warrants issued by Borrower to Lender, the Security Documents, the Registration Rights Agreement and any other document evidencing or securing the Obligations under the Note.

“Material Adverse Effect” means a material adverse effect on the business, properties, assets, liabilities or condition (financial or otherwise) of the Borrower.

“Note” means the promissory note of the Borrower payable to the order of Lender, substantially in the form of Exhibit B hereto, evidencing the maximum principal indebtedness of the Borrower to Lender under the Commitment, either as originally executed or as it may be from time to time reduced, extended or otherwise modified as provided herein.

“Obligations” means all indebtedness, obligations and liabilities to the Lender existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of the Borrower under this Agreement or any other Loan Document.

“Person” means any individual, joint venture, corporation, company, limited liability company, voluntary association, partnership, trust, joint stock company, unincorporated organization, association, government, or any agency, instrumentality, or political subdivision thereof, or any other form of entity or organization.

“Security and Intercreditor Agreement” means the Security and Intercreditor Agreement dated of even date herewith by the Borrower in favor of the Lender substantially in the form attached hereto as Exhibit C and incorporated herein by this reference.

“Security Documents” means (i) the Security and Intercreditor Agreement and (ii) all Uniform Commercial Code financing statements filed to perfect any security interests granted under the Security and Intercreditor Agreement.

“Subscription Agreement” means the Subscription Agreement for the 5% Convertible Secured Promissory Note executed and delivered by the Lender, substantially in the form attached hereto as Exhibit A and incorporated by reference herein.

“Subsidiaries” of any Person means a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interest having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Termination Date” means December 31, 2012, unless the Borrower elects to extend the termination date until December 31, 2013 upon payment of an extension fee as in an amount equal to 5% of the outstanding principal balance due under the Note.

## SECTION 2. THE ADVANCES.

(a) Commitment to Lend. The Lender hereby agrees on the terms and conditions set forth herein to make Advances to the Borrower upon request of the Borrower (an “Advance Request”), from time to time before the Termination Date; provided that, immediately after each such Advance is made, (i) the aggregate principal amount of outstanding Advances from Lender shall not exceed the Commitment. Within the foregoing limits, the Borrower may borrow under this Section 2, repay and reborrow under this Section 2 at any time before the Termination Date. The aggregate principal amount of the Lender’s Advances outstanding at any time shall never exceed the Commitment.

(b) Method of Borrowing. The Borrower shall give notice to the Lender (an “Advance Request”) at least three (3) Business Days prior to the proposed funding date of such Advance specifying (i) the date of such Advance (which shall be the 15<sup>th</sup> or the 30<sup>th</sup> day of the same calendar month, or the next succeeding Business Day if the 15<sup>th</sup> or the 30<sup>th</sup>, as applicable, is not a Business Day) and (ii) the aggregate amount of such Advance. The Lender shall be entitled to rely on any telephonic Advance Request which the Lender believes in good faith to have been given by a duly authorized officer or employee of the Borrower and any Advances made by the Lender based on such telephonic notice shall be an Advance for all purposes hereunder. Not later than 5:00 p.m., Atlanta, Georgia time, on the date specified for the Advance in the Advance Request, the Lender shall deliver to the Borrower, in immediately available funds, its portion of the aggregate amount of such Advance specified in the Advance Request. Notwithstanding anything to the contrary contained in this Agreement, no Advance is required to be made if the Advance Request is not in compliance with this Agreement, or there shall have occurred a Default, which Default shall not have been cured or waived by the Lender.



(c) Note. The Advances shall be evidenced by a single Note made by the Borrower payable to the order of the Lender substantially in the form attached hereto as Exhibit B, and shall be payable with respect to the amount of unpaid Advances plus accrued and unpaid interest at the time of repayment. All unpaid principal and interest of the Note shall be convertible into common stock of the Borrower at any time upon the election of the Lender, at the conversion rate of \$1.00 per share of common stock as provided in the Note. The Note may be prepaid in whole or part without premium or penalty upon thirty (30) days' notice to the Lender.

(d) Interest Rate. Each Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Advance is made until it becomes due, at a rate per annum equal to five percent (5%). Interest shall be due and payable quarterly in arrears on the fifteenth day of each April, July, September, and January hereafter until the Note is paid in full. Any payment of principal or interest that is not paid by the due date shall bear interest at the annual rate of twelve percent (12%) (the "Default Rate") until paid in full.

(e) Termination of Commitment; Payment of Advances. The Advances shall mature, the Commitment shall terminate, and the principal amount of the Note, accrued and unpaid interest and all other Obligations represented by the Note, shall be due and payable in full on the Termination Date. From and after the Termination Date, no Advances shall be made. Upon notice by the Borrower to the Lender, the Borrower shall have the right to extend the Termination Date to December 31, 2013, (and all rights and Obligations hereunder and under the Loan Documents) upon such notice accompanied by an extension payment to Borrower in the amount of five percent (5%) of the greater of (i) outstanding principal amount of the unpaid Advances evidenced by the Note and (ii) the amount of the Commitment as of the date of the notice.

(f) General Provisions Concerning Payments. All payments of principal of, or interest on, the Note shall be made in Federal or other funds immediately available to the Lender at the addresses set forth below not later than 5:00 p.m., Atlanta, Georgia time. Funds received after 5:00 p.m. shall be deemed to have been paid on the next following Business Day. Whenever any payment of principal of, or interest on, the Advances shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(g) Computation of Interest. Interest and fees on Advances shall be computed on the basis of a year of 365 days and paid for the actual number of days elapsed, calculated from and including the first day thereof to but excluding the last day thereof.

(h) Security Interest. The obligations under the Note shall be secured by a first priority security interest in the Collateral pursuant to a Security and Intercreditor Agreement substantially in the form attached hereto as Exhibit C, which is incorporated herein by this reference.

(i) Warrants. A.(i) First Contingent Warrant. Upon making an Advance, the Company shall issue to the Lender a warrant substantially in the form attached hereto as Exhibit D, which is incorporated herein by this reference (each, a “**First Contingent Warrant**”), to purchase that number of shares of Common Stock equal to (i) 25% of the shares of Common Stock that would be issuable upon conversion of the outstanding principal balance of the Note immediately after an Advance, less (ii) the aggregate number of shares of Common Stock subject to all First Contingent Warrants previously issued to Lender, at an exercise price of .01 per share, subject to the terms of such Exhibit D and exercisable as provided therein.

(ii) Second Contingent Warrant. The Company shall issue to the Lender an additional warrant substantially in the form attached hereto as Exhibit E, which is incorporated herein by this reference (each, a “**Second Contingent Warrant**”), to purchase that number of shares of Common Stock equal to (i) 25% of the shares of Common Stock that would be issuable upon conversion of the outstanding principal balance of the Note immediately after an Advance, less (ii) the aggregate number of shares of Common Stock subject to all Second Contingent Warrants previously issued to Lender, at an exercise price of .01 per share, subject to the terms of such Exhibit E and exercisable as provided therein.

(j) Registration Rights Agreement. The Lender shall be given piggy-back registration rights for any shares of common stock of the Borrower into which the Note is converted, such registration rights to be on the terms and conditions as provided in the form of Registration Rights Agreement substantially in the form attached hereto as Exhibit F.

### SECTION 3. CONDITIONS TO BORROWINGS.

(a) Conditions to First Borrowing. The obligation of the Lender to make an Advance on the occasion of the first Borrowing is subject to the satisfaction of the conditions set forth in Section 3(b) below and receipt by the Lender from the Borrower of (i) a duly executed counterpart of this Agreement, a duly executed Note payable to the order of the Lender complying with the provisions of Section 2(c) substantially in the form attached hereto as Exhibit B, duly executed counterpart of the Security and Intercreditor Agreement, a duly executed First Contingent Warrant substantially in the form attached hereto as Exhibits D and a duly executed Second Contingent Warrant substantially in the form attached hereto as Exhibit E, each complying with the provisions of Section 2(i) hereof, and a duly executed Registration Rights Agreement substantially in the form attached hereto as Exhibit F, and duly executed counterparts of each other Loan Document to which the Borrower is a party, each signed by the Borrower and Lender, where applicable; (ii) a certificate, dated the date of the first Borrowing, signed by the Borrower’s Chief Financial Officer, to the effect that no Default hereunder has occurred and is continuing on the date of the Advance representations and warranties of the Borrower contained in Section 4 are true on and as of the date of the first Borrowing hereunder.

(b) Conditions to All Borrowings. The obligation of the Lender to make an Advance on the occasion of each Borrowing is subject to the satisfaction of the following conditions: (i) the fact that, immediately after such Borrowing, no Default shall have occurred and be continuing; (ii) the fact that the representations and warranties of the Borrower contained in Section 4 shall be true in all material respects on and as of the date of such Borrowing; (iii) the fact that, immediately after such Borrowing, the aggregate principal amount of outstanding Advances from the Lender shall not exceed the Commitment, and (iv) receipt by the Lender from the Borrower of a duly executed First Contingent Warrant substantially in the form attached hereto as Exhibits D and a duly executed Second Contingent Warrant substantially in the form attached hereto as Exhibit E, each complying with the provisions of Section 2(i) hereof. Each Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the facts specified in this Section 3(b).

SECTION 4. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants that:

(a) Organization and Power. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. The Borrower has all requisite company or other organizational power and authority and all material licenses, permits, approvals and authorizations necessary to own and operate its properties, to carry on its businesses as now conducted and presently proposed to be conducted and to carry out the transactions contemplated hereby, and is qualified to do business in every jurisdiction where the failure to so qualify might reasonably be expected to have a Material Adverse Effect.

(b) Principal Business. The Borrower is primarily engaged in the business of the development and sale of orthopedic devices and amniotic tissue products (the "Business").

(c) Enforceability. This Agreement constitutes, and each of the other Loan Documents when duly executed and delivered by each of the Borrower and Lender that are parties thereto will constitute, legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws from time to time in effect affecting the enforcement of creditors' rights generally, and except as enforcement of remedies may be limited by general equitable principles.

SECTION 5. COVENANTS. The Borrower agrees that so long as any portion of the Commitment is in effect hereunder or any amount payable under this Agreement remains unpaid:

(a) Existence. The Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence.

(b) Businesses and Properties; Compliance with Laws. The Borrower shall at all times (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect the rights, licenses, registrations, permits, certifications, approvals, consents, franchises, patents, copyrights, trademarks and trade names, and any other trade names which may be material to the conduct of its business; (ii) comply in all material respects with all laws and regulations applicable to the operation of such business, whether now in effect or hereafter enacted and with all other applicable laws and regulations; (iii) take all actions which may be required to obtain, preserve, renew and extend all rights, patents, copyrights, trademarks, tradenames, franchises, registrations, certifications, approvals, consents, licenses, permits and any other authorizations which may be material to the operation of such business; (iv) maintain, preserve and protect all property material to the conduct of such business; and (v) except for obsolete or worn out equipment, keep its material property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

(b) Reports and Information. The Borrower shall furnish to the Lender promptly, from time to time, as the Lender may reasonably request, such information regarding the compliance by the Borrower with the terms of this Agreement and the other Loan Documents or the affairs, operations or condition (financial or otherwise) of the Borrower as the Lender may reasonably request and that is capable of being obtained, produced or generated by the Borrower or of which the Borrower has knowledge.

#### SECTION 6. DEFAULTS; REMEDIES.

(a) Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" by the Borrower under this Agreement: (i) the Borrower shall fail to pay when due any principal of any Advance or shall fail to pay any interest on any Advance, any fee or other amount payable hereunder within 10 days after such interest or other amount shall become due; (ii) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (i) above) for 30 days after the earlier of the first day on which a responsible officer of the Borrower has knowledge of such failure or written notice thereof has been given to the Borrower by the Lender; (iii) any representation, warranty, certification or statement made by the Borrower in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made (or deemed made); (v) the Borrower shall (A) be adjudicated as bankrupt, or an order for relief shall be entered against it under the federal bankruptcy law which remains unstayed or is not dismissed within 60 days after the entry of such adjudication or order; (B) not pay, or admit in writing its inability to pay, any material Indebtedness generally as they become due; (C) make an assignment for the benefit of creditors; (D) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (E) institute any proceeding seeking an order for relief under the federal bankruptcy law or seeking to adjudicate it as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its Indebtedness under any federal or state law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against, it; (F) take any action to authorize or effect any of the foregoing actions set forth in this clause (v); or (G) fail to contest in good faith any appointment or proceeding described in clause (vi) of this Section 6(a); (vi) without the application, approval or consent of the Borrower, a receiver, custodian, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any Subsidiary or any substantial part of its property, or a proceeding described in clause (v) of this Section 6(a) shall be instituted against the Borrower, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 consecutive days; (vii) the Borrower or any Subsidiary shall fail within 60 days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$100,000 in the aggregate; (viii) the occurrence of any event, act or condition of whatever nature, whether singly or in conjunction with any other event or events, act or acts, condition or conditions, whether or not related, which the Lender determines either does or has a reasonable probability of causing a Material Adverse Effect on the Borrower, the rights and remedies of the Lender under the Loan Documents or the ability of the Borrower to perform its obligations under the Loan Documents, or the legality, validity or enforceability of any Loan Document; (ix) unless otherwise agreed to by the parties hereto, if any Security Document shall fail to create a valid and perfected security interest in favor of the Lender in the Collateral purported to be encumbered thereby; and (x) an "Event of Default" shall have occurred under the Security and Intercreditor Agreement or any other Loan Document.

(b) Remedies on Default. Subject to the terms and conditions of the Security and Intercreditor Agreement (which requires approval of certain actions by the holders of a majority of certain indebtedness of the Borrower), upon the occurrence of an Event of Default, the Lender may, by notice to the Borrower, terminate the Commitment which shall thereupon terminate, and by notice to the Borrower declare the Note (together with accrued interest thereon) to be, and the Note, including all outstanding Advances, shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; provided that if any Event of Default specified in clause (v) or (vi) of Section 6(a) occurs with respect to the Borrower, without any notice to the Borrower or any other act by the Lender, the Commitment shall thereupon terminate and the Note, including all outstanding Advances (together with accrued interest thereon), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

If any suit or action is instituted or attorneys are employed to collect the amounts due under the Note or any of them or any part thereof, Borrower shall pay on demand all costs of collection, including, without limitation, all court costs and reasonable professionals' fees and charges.

#### SECTION 7. MISCELLANEOUS.

(a) Notices. All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party at its address set forth below or such other address as such party may hereafter specify for the purpose by notice to the other party: (i) if to the Borrower, at 811 Livingston Court, SE., Suite B, Marietta, GA. 30067; Attn: General Counsel, and to the Lender as shown on the Signature Page hereto. Each such notice, request or other communication shall be effective upon delivery (A) if given by personal delivery, (B) by certified mail, return receipt requested, (C) by overnight national courier to the address specified herein, provided that notices of Advance Requests to the Lender under Section 2 shall not be effective until actually received by the Lender.

(b) No Waivers. No failure or delay by the Lender in exercising any right, power or privilege hereunder or under the Loan Documents shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(c) Amendments and Waivers. Subject to the terms of the Security and Intercreditor Agreement, any provision of this Agreement, the Note or any other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Lender.

(d) Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights under this Agreement.

(e) Governing Law. This Agreement and the Note shall be construed in accordance with and governed by the law of the State of Georgia, without regard to that state's conflict of laws principles. This Agreement and the Note are intended to be effective as instruments executed under seal.

(f) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) Consent to Jurisdiction. The Borrower and the Lender hereby submit to the jurisdiction of any Georgia State or Superior Court sitting in Cobb County, Georgia or the United States District Court for the Northern District of Georgia, over any action or proceeding arising out of or relating to this Agreement, the Note, the Security Documents, or any of the other Loan Documents, and hereby irrevocably agrees that all claims in respect of such action or proceeding shall be heard and determined exclusively in such Georgia State or Federal Court. Each of the Borrower and the Lender further waives any objection to venue in such court and any objection to an action or proceeding in such court on the basis of a non-convenient forum, and further agrees that any action or proceeding brought against the other party hereto shall be brought exclusively in such courts. Each of the Borrower and the Lender hereby further agrees to waive the right to a jury trial of any claim or cause of action based upon or arising out of this Agreement, the Note, the Security Documents, or any of the other Loan Documents.

(h) Severability. If any provisions of this Agreement shall be held invalid under any applicable laws, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

(i) Captions. Captions in this Agreement are for the convenience of reference only and shall not affect the meaning or interpretation of the provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered under seal as of the year and day first above written.

BORROWER:

**MiMedx Group, Inc.**

By: /s/ Michael J. Senken  
Michael J. Senken, CFO

[COMPANY SEAL]

LENDER:

/s/ Parker H. Petit (SEAL)  
**Parker H. Petit**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature Page to Revolving Secured Line of Credit Agreement]

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**Exhibit A**

Form of Subscription Agreement

Name of Subscriber: Parker H. Petit  
(Please Print Your Name Here)

**SUBSCRIPTION AGREEMENT**

**5% CONVERTIBLE SENIOR SECURED PROMISSORY NOTE**

MiMedx Group, Inc.  
811 Livingston Court. SE, Suite B  
Marietta, Georgia 30067

Re: 5% Convertible Senior Secured Promissory Note of MiMedx Group, Inc.

SECTION 8.  
Subscription

(a) Subscription. The undersigned subscriber ("**Subscriber**") hereby irrevocably subscribes for and agrees to purchase a 5% Convertible Senior Secured Promissory Note (the "**Note**") from MiMedx Group, Inc., a Florida corporation (the "**Company**"), in the principal amount set forth below, a contingent warrant (the "**First Contingent Warrant**") and a second contingent warrant (the "**Second Contingent Warrant**," and together with the First Contingent Warrant, collectively the "**Warrants**"), on the terms and conditions described in this subscription agreement (this "**Subscription Agreement**"), that certain Revolving Secured Line of Credit Agreement attached hereto as Exhibit A (the "**Credit Agreement**"), the Note, and a Security and Intercreditor Agreement substantially in the form attached to the Credit Agreement as Exhibit C (the "**Security Agreement**").

**Amount And Dollar Value Of Note Subscribed For**

\$ \_\_\_\_\_, this amount is also the amount of the "Commitment" as defined under the Credit Agreement.

THE UNDERSIGNED SUBSCRIBER IS REQUIRED TO CHECK THE APPROPRIATE BOX ON THE ACCREDITED INVESTOR CERTIFICATION FOUND ON PAGE 7 HEREOF TO CERTIFY HIS, HER OR ITS STATUS AS AN ACCREDITED INVESTOR.

Section 1.2 Collateral. The Note is secured by a first priority security interest in all patents and other intellectual property owned by the Company, excluding only (i) the intellectual property owned by, or exclusively licensed to, Surgical Biologics, LLC, and (ii) all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing, pursuant to a security interest in favor of a Collateral Agent for the benefit of Subscriber and certain other lenders to the Company. The Collateral Agent appointed under the Security Agreement will be authorized to take action on behalf of the holders of the Notes, upon the decision of the Majority in Interest.

Section 1.3 Conversion. The Notes are convertible into common stock of the Company at \$1.00 per share at any time at the election of the Subscriber, as more particularly described in the Note.

Section 1.4 Acceptance or Rejection. The undersigned understands that the Company will accept this subscription (and only with respect to it) only after the undersigned has executed and delivered this Subscription Agreement and the Counterpart Signature Pages to the Credit Agreement, the Note, the Warrants, the Security Agreement, and a Registration Rights Agreement substantially in the form attached to the Credit Agreement as Exhibit F (the "**Registration Rights Agreement**"). The undersigned acknowledges that the undersigned may not withdraw this subscription, but that the Company reserves the right, in its sole discretion, to accept or reject this subscription, in whole or in part.

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In the event this subscription is rejected in part by the Company, there shall be returned to the undersigned the difference between the subscription amount paid to it and the subscription price allocable to the Note accepted. In the event this subscription is rejected in its entirety, the subscription amount paid will be promptly returned to the undersigned without deduction and without interest, and this Subscription Agreement shall have no force or effect.

SECTION 9.  
Investor Representations, Warranties AND COVENANTS

The undersigned makes the following representations, warranties and covenants with the intent that the same will be relied upon by the Company:

(a) Information. The undersigned acknowledges that the undersigned has been offered the opportunity to obtain information, to verify the accuracy of the information received by him, her or it and to evaluate the merits and risks of this investment and to ask questions of and receive satisfactory answers concerning the terms and conditions of this investment. The undersigned understands that information regarding the Company is on file with the Securities and Exchange Commission (“**SEC**”), and the undersigned has reviewed such documents and information as he, she or it has deemed necessary in order to make an informed investment decision with respect to the investment being made hereby. The Company has made its officers available to the undersigned to answer questions concerning the Company and the investment being made hereby. In making the decision to purchase the Note, the undersigned has relied and will rely solely upon independent investigations made by him, her or it. The undersigned is not relying on the Company with respect to any tax or other economic considerations involved in this investment. Other than as set forth in Article 3 hereof, no representations or warranties have been made to the undersigned by the Company. To the extent the undersigned has deemed it appropriate, the undersigned has consulted with his, her or its own attorneys and other advisors with respect to all matters concerning this investment.

(b) Not a Registered Offering. The undersigned understands that the Note (including any securities issuable upon conversion thereof) and the Warrants (and any securities issuable upon conversion thereof) have not been and will not be registered with the SEC nor with the governmental entity charged with regulating the offer and sale of securities under the securities laws and regulations of the state of residence of the undersigned and are being offered and sold pursuant to the exemption from registration provided in Section 4(2) of the Securities Act of 1933, as amended (the “**1933 Act**”), and Rule 506 of Regulation D (“**Regulation D**”) promulgated under the 1933 Act by the SEC and limited exemptions provided in the “Blue Sky” laws of the state of residence of the undersigned, and that no governmental agency has recommended or endorsed the Note or the Warrants nor made any finding or determination relating to the fairness for investment of the Note (including any securities issuable upon conversion thereof) or the Warrants (including any securities issuable upon conversion thereof) or of the adequacy of the information on file with the SEC or this Subscription Agreement. The undersigned is unaware of, and is in no way relying on, any form of general solicitation or general advertising in connection with the offer and sale of the Note (including any securities issuable upon conversion thereof) or the Warrants (including any securities issuable upon conversion thereof). The undersigned is purchasing the Note and Warrants without being furnished any offering or sales literature or prospectus.

(c) Purchase for Investment. The undersigned is subscribing for the Note and the Warrants solely for his, her or its own account for investment purposes and not with a view to, or with any intention of, a distribution, sale or subdivision for the account of any other individual, corporation, firm, partnership, limited liability company, joint venture, association or person. **The undersigned represents that he, she or it understands that there is no public market for the Note or the Warrants and that no such market will ever exist. The undersigned represents that if he, she, or it has received certain confidential information concerning a transaction by which it is contemplated that the Company may acquire another company, he, she, or it understands that such information is speculative in nature and that there is no guarantee that such possible acquisition transaction will be consummated, or, if consummated, will be successful or result in an increase in shareholder value.**

(d) Accredited Investor and other Investment Representations. The undersigned represents and warrants that the undersigned is an “accredited investor” as defined in Rule 501(a) of Regulation D under the 1933 Act and that the undersigned has accurately completed the Accredited Investor Certification, which precedes the signature page to this Subscription Agreement.

(e) Restrictions on Transfer.

(i) The undersigned understands and agrees that because the offer and sale of the Note and the Warrants subscribed for herein have not been registered under federal or state securities laws, the Note (including any securities issuable upon conversion thereof) and the Warrants (and any securities issuable upon conversion thereof) acquired may not at any time be sold or otherwise disposed of by the undersigned unless it is registered under the 1933 Act or there is applicable to such sale or other disposition one of the exemptions from registration set forth in the 1933 Act, the rules and regulations of the SEC thereunder and applicable state law. The undersigned further understands that the Company has no obligation or present intention to register the Note (including any securities issuable upon conversion thereof) or the Warrants (and any securities issuable upon conversion thereof), or to permit its sale other than in strict compliance with the 1933 Act, SEC rules and regulations thereunder, and applicable state law. The undersigned recognizes that, as a result of the aforementioned restrictions, there is no and will be no public market for the Note or the Warrants subscribed for hereunder. The undersigned expects to hold the Note (and any securities issuable upon conversion thereof) and the Warrants (and any securities issuable upon conversion thereof) for an indefinite period and understands that the undersigned will not readily be able to liquidate this investment even in case of an emergency.

(ii) The Note (and the securities to be issued to the undersigned upon conversion thereof) and the Warrants (and any securities issuable upon conversion thereof) shall have endorsed thereon legends substantially as follows:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT (AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR ANY STATE SECURITIES LAW AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THESE SECURITIES UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT OR UNDER APPLICABLE STATE SECURITIES LAWS.”

(f) Investment Risks. The undersigned represents that he, she or it has read and understands all of the “Risk Factors” set forth in the Company’s most recent Form 10-K and Form 10-Q on file with the SEC. Without limiting the foregoing, the undersigned has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of an investment in the Note. The undersigned recognizes that the Company is a development stage company with an extremely limited financial and operating history, that the development of medical devices is difficult, time consuming, and expensive, and that an investment in the Company involves very significant risks. The undersigned further recognizes that (A) an investment in the Company is highly speculative, (B) an investor may not be able to liquidate his, her or its investment, (C) transferability of the Note is extremely limited, (D) in the event of a disposition, the investor could sustain a loss of his, her or its entire investment, and (E) the Company intends to continue to raise additional funds in the near future through the sale of equity, and that any such sale below the conversion events set forth in the Note may be on terms to investors that are more favorable than the terms to the undersigned. The undersigned is capable of bearing the economic risks of an investment in the Note and the Warrants, including, but not limited to, the possibility of a complete loss of the undersigned’s investment, as well as limitations on the transferability of the Note and the Warrants, which may make the liquidation of an investment in the Note and the Warrants difficult or impossible for the indefinite future. The undersigned acknowledges that legal advice has been provided to the Company by Womble Carlyle Sandridge & Rice, PLLC, and that such law firm has neither provided advice to the Subscriber nor performed any due diligence on the Subscriber’s behalf. The undersigned acknowledges that he, she or it has been advised to seek his, her or its own independent counsel from attorneys, accountants and other advisors with respect to an investment in this offering.

(g) Residence. The undersigned, if a natural person, is a bona fide resident of the state set forth in his or her address on the signature page to this Subscription Agreement. The undersigned, if an entity, has its principal place of business at the mailing address set forth on the signature page of this Subscription Agreement.

(h) Investor Information; Survival of Representations and Warranties and Covenants. The representations, warranties, covenants and agreements contained in this Article 2 shall survive the date hereof. Any information that the undersigned is furnishing to the Company in this Subscription Agreement is correct and complete as of the date of this Subscription Agreement and if there should be any material change in such information prior to his, her or its admission as a shareholder of the Company, the undersigned will immediately furnish such revised or corrected information to the Company.

(i) Due Organization. If the undersigned is a corporation, partnership or limited liability company, the undersigned is duly organized, validly existing and in good standing under the jurisdiction of its organization, has all requisite power and authority to own, lease and operate its properties, to carry on its business as currently being conducted, to enter into this Subscription Agreement and to perform its obligations hereunder and thereunder.

(j) Due Authorization. If the undersigned is a corporation, partnership or limited liability company, the execution, delivery and performance by the undersigned of this Subscription Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the undersigned.

(k) Capacity. If the undersigned is an individual, the undersigned has the capacity to execute, deliver and perform this Subscription Agreement.

(l) Enforceability. This Subscription Agreement will be, upon its execution and delivery, a valid and binding obligation of the undersigned, enforceable against the undersigned in accordance with its terms.

(m) No Conflicts. Neither the execution, delivery or performance by the undersigned of this Subscription Agreement, nor the consummation by the undersigned of the transactions contemplated hereby will (A) conflict with or result in a breach of any provision of the undersigned's certificate of incorporation, bylaws or other organizational documents, (B) cause a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any agreement, instrument or obligation to which the undersigned is a party or (C) violate any law, statute, rule, regulation, judgment, order, writ, injunction or decree of any court, administrative agency or governmental body, in each case applicable to the undersigned or its properties or assets.

(n) No Approvals. No filing with, and no permit, authorization, consent or approval of, any person (governmental or private) is necessary for the consummation by the undersigned of the transactions contemplated by this Subscription Agreement.

(o) Brokerage Commissions and Finders' Fees. Neither the undersigned nor anyone acting on the undersigned's behalf has taken any action which has resulted, or will result, in any claims for brokerage commissions or finders' fees by any person in connection with the transactions contemplated by this Subscription Agreement.

SECTION 10.  
Company Representations and Warranties

The Company makes the following representations and warranties with the intent that the same may be relied upon by the undersigned:

(a) Due Organization. The Company is a corporation duly organized, validly existing and in good standing under the jurisdiction of its organization, has all requisite power and authority to own, lease and operate its properties, to carry on its business as currently being conducted, to enter into this Subscription Agreement and to perform its obligations hereunder.

(b) Due Authorization. The execution, delivery and performance by the Company of this Subscription Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company.

(c) Enforceability. This Subscription Agreement is, or upon its execution and delivery will be, a valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms.

(d) No Conflicts. Neither the execution, delivery or performance by the Company of this Subscription Agreement, nor the consummation by the Company of the transactions contemplated hereby, will (A) conflict with or result in a breach of any provision of the Company's articles of incorporation or bylaws, (B) cause a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any agreement, instrument or obligation to which the Company is a party or (C) violate any law, statute, rule, regulation, judgment, order, writ, injunction or decree of any court, administrative agency or governmental body, in each case applicable to the Company or its properties or assets.

(e) No Approvals. Assuming the accuracy of the representations and warranties contained in Article 2, no filing with, and no permit, authorization, consent or approval of, any person (governmental or private) is necessary for the consummation by the Company of the transactions contemplated by this Subscription Agreement, other than filings under Federal and state securities laws.

SECTION 11.  
Miscellaneous Provisions

(a) Notices and Addresses. All notices required to be given under this Subscription Agreement shall be in writing and shall be mailed by certified or registered mail, hand delivered or delivered by next business day courier. Any notice to be sent to the Company shall be mailed to the principal place of business of the Company or at such other address as the Company may specify in a notice sent to the undersigned in accordance with this Section. All notices to the undersigned shall be mailed or delivered to the address set forth on the signature page to this Subscription Agreement or to such other address as the undersigned may specify in a notice sent to the Company in accordance with this Section. Notices shall be effective on the date three days after the date of mailing or, if hand delivered or delivered by next day business courier, on the date of delivery; provided, however, that notices to the Company shall be effective upon receipt.

(b) Governing Law; Jurisdiction. (A) THIS SUBSCRIPTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF GEORGIA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES, (B) THE UNDERSIGNED HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY GEORGIA STATE COURT SITTING IN COBB COUNTY, GEORGIA OR THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF GEORGIA, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUBSCRIPTION AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY, AND (C) THE UNDERSIGNED HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED EXCLUSIVELY IN SUCH GEORGIA STATE OR FEDERAL COURT. THE UNDERSIGNED FURTHER WAIVES ANY OBJECTION TO VENUE IN SUCH COURT AND ANY OBJECTION TO AN ACTION OR PROCEEDING IN SUCH COURT ON THE BASIS OF A NON-CONVENIENT FORUM. THE UNDERSIGNED FURTHER AGREES THAT ANY ACTION OR PROCEEDING BROUGHT AGAINST THE COMPANY SHALL BE BROUGHT EXCLUSIVELY IN SUCH COURTS. THE UNDERSIGNED AGREES TO WAIVE ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS SUBSCRIPTION AGREEMENT OR ANY DOCUMENT OR AGREEMENT CONTEMPLATED HEREBY.

(c) Assignability. This Subscription Agreement and the rights, interests and obligations hereunder are not transferable or assignable by the undersigned and the undersigned acknowledges and agrees that any transfer or assignment of the Note shall be made only in accordance with all applicable laws.

(d) Successors and Assigns. This Subscription Agreement shall be binding upon and inure to the benefit of the parties hereto, and each of their respective legal representatives and permitted successors.

(e) Counterparts. This Subscription Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

(f) Modifications To Be in Writing. This Subscription Agreement constitutes the entire understanding of the parties hereto with respect to the subject matter hereof and no amendment, restatement, modification or alteration will be binding unless the same is in writing signed by the party against whom any such amendment, restatement, modification or alteration is sought to be enforced. The Note(s) may be amended or any provision thereof waived with the written consent of the Company and the Lender(s) (as defined in the Credit Agreement) of a majority of the aggregate then outstanding principal amount of the Note(s); provided, however, that any such amendment or waiver that disproportionately affects any Lender shall require the written consent of such Lender.

(g) Captions. The captions are inserted for convenience of reference only and shall not affect the construction of this Subscription Agreement.

(h) Validity and Severability. If any provision of this Subscription Agreement is held invalid or unenforceable, such decision shall not affect the validity or enforceability of any other provision of this Subscription Agreement, all of which other provisions shall remain in full force and effect.

(i) Statutory References. Each reference in this Subscription Agreement to a particular statute or regulation, or a provision thereof, shall be deemed to refer to such statute or regulation, or provision thereof, or to any similar or superseding statute or regulation, or provision thereof, as is from time to time in effect.

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### Accredited Investor Certification

**YOU MUST BE ABLE TO CHECK OFF AT LEAST ONE OF THE BOXES BELOW IN ORDER TO PURCHASE THE NOTE.**

- o The undersigned is a natural person who had individual income of more than \$200,000 in each of the most recent two years or joint income with his spouse in excess of \$300,000 in each of the most recent two years and reasonably expects to reach that same income level for this year; “*income*”, for purposes hereof, should be computed as follows: individual adjusted gross income, as reported (or to be reported) on a federal income tax return, increased by (a) any deduction of long-term capital gains under section 1202 of the Internal Revenue Code of 1986 (the “*Code*”), (b) any deduction for depletion under Section 611 et seq. of the Code, (c) any exclusion for interest under Section 103 of the Code and (d) any losses of a partnership as reported on Schedule E of Form 1040;
- o The undersigned is a natural person whose individual net worth (i.e., total assets in excess of total liabilities), or joint net worth with his spouse, will at the time of purchase of the Note be in excess of \$1,000,000 (excluding the value of the undersigned’s primary residence);
- o The undersigned is a corporation, Massachusetts or similar business trust, partnership, or limited liability company, or any organization described in Section 501(c)(3) of the Internal Revenue Code, not formed for the specific purpose of acquiring the Note, with total assets in excess of \$5,000,000;
- o The undersigned is a trust (other than a revocable grantor trust), which trust has total assets in excess of \$5,000,000, which is not formed for the specific purpose of acquiring the Note offered hereby and whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D and who has such knowledge and experience in financial and business matters that he is capable of evaluating the risks and merits of an investment in the Note;
- o The undersigned is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, and either: (a) the investment decision will be made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, insurance company, or a registered investment adviser; or (b) the employee benefit plan has total assets in excess of \$5,000,000; or (c) the employee benefit plan is a self-directed plan, including an Individual Retirement Account, with the meaning of Title I of such act, and the person directing the purchase is an Accredited Investor\*\*;

**\*\*NOTE.** If the undersigned is relying solely on this item for its Accredited Investor status, please print the name of the person directing the purchase in the following space and furnish a completed and signed Accredited Investor Certification for such person.

- o The undersigned is an investor otherwise satisfying the requirements of Section 501(a)(1), (2) or (3) of Regulation D promulgated under the 1933 Act, which includes, but is not limited to, a self-directed employee benefit plan where investment decisions are made solely by persons who are “accredited investors” as otherwise defined in Regulation D;
- o The undersigned is a member of the Board of Directors or an executive officer of the Company; or
- o The undersigned is an entity (including an IRA or revocable grantor trust but other than a conventional trust) in which all of the equity owners meet the requirements of at least one of the above subparagraphs.

**SUBSCRIPTION AGREEMENT  
COUNTERPART SIGNATURE PAGE**

If the subscriber is an INDIVIDUAL, or if purchased as JOINT TENANTS, as TENANTS IN COMMON, or a COMMUNITY PROPERTY:

\_\_\_\_\_  
Print Name(s)

\_\_\_\_\_  
Social Security Number(s)

\_\_\_\_\_  
Signature(s) of subscriber(s)

\_\_\_\_\_  
Signature(s) of subscriber(s)

\_\_\_\_\_  
Date

Address: \_\_\_\_\_  
\_\_\_\_\_

If the subscriber is a PARTNERSHIP, CORPORATION, LLC or TRUST:

\_\_\_\_\_  
Name of Entity

\_\_\_\_\_  
Federal Taxpayer ID Number

By: \_\_\_\_\_

\_\_\_\_\_  
State of Organization

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Date

Address: \_\_\_\_\_  
\_\_\_\_\_

SUBSCRIPTION ACCEPTED AND AGREED TO this \_\_\_\_ day of \_\_\_\_\_ 2011.

MiMedx Group, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit B**

Form of 5% Convertible Senior Secured Promissory Note

**THE SECURITIES REPRESENTED BY THIS PROMISSORY NOTE (AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING THESE SECURITIES UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT OR UNDER APPLICABLE STATE SECURITIES LAWS**

**5% CONVERTIBLE SENIOR SECURED PROMISSORY NOTE**

For value received **MiMedX Group, Inc.**, a Florida corporation (the "**Borrower**"), promises to pay to the order of **Parker H. Petit ("Lender")** the principal sum of Three Million Six Hundred Thousand and No/100 U.S. Dollars (\$3,600,000), as adjusted pursuant to that certain Revolving Secured Line of Credit Agreement dated as of even date herewith among the Borrower and the Lender (the "**Credit Agreement**"), or such lesser amount as shall equal the unpaid principal amount of each Advance made by the Lender to the Borrower pursuant to the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates provided for in the Credit Agreement at the rate of five percent (5%) per annum, pursuant to and in accordance with the terms of the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the rate of twelve percent (12%) per annum, pursuant to and in accordance with the terms of the Credit Agreement. The outstanding principal balance and all accrued interest shall be due and payable in full on the Termination Date. Interest shall begin to accrue on the date hereof and shall continue to accrue on the outstanding principal amount hereof until converted into common stock of the Borrower (the "**Common Stock** ") as provided herein, or until the payment in full of all amounts due under this Note, whichever occurs first. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the address of Lender specified from time to time pursuant to the Credit Agreement. Upon payment in full of the amount of all principal and interest payable hereunder (whether in cash or Common Stock upon a Voluntary Conversion, as defined below), this Note shall be surrendered to the Borrower for cancellation. This Note is secured by a security interest in the Collateral, as defined in, and subject to the terms of, that certain Security and Intercreditor Agreement of even date herewith (the "**Security Agreement**").



1. This Note is the Note referred to in the Credit Agreement. Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the optional and mandatory prepayment and the repayment hereof and the acceleration of the maturity hereof, as well as the obligation of the Borrower to pay all costs of collection, including reasonable attorneys fees, in the event this Note is collected by law or through an attorney at law.

2. This Note is issued pursuant to that certain 5% Convertible Senior Secured Promissory Note Subscription Agreement dated as of March 31, 2011, (the "**Note Subscription Agreement**") between the Lender and the Borrower, and is subject to the terms and conditions of the Note Subscription Agreement, the Credit Agreement, and the Security Agreement. However, in the event of any conflict between the terms of this Note and the Note Subscription Agreement, the Credit Agreement, or the Security Agreement the terms of this Note shall govern. At the request of the Borrower, this Note shall be *pari passu* as to payment and lien priority rights, ratably with all purchasers of any debt securities issued by the Borrower in the twelve (12) month period immediately following the date of issuance of this Note, as provided in the Credit Agreement and the Security Agreement.

3. This Note is convertible into Common Stock at any time upon the election of the Lender into that number of shares of Common Stock equal to the quotient of (a) the outstanding principal amount and accrued interest of this Note as of date of such election, divided by (b) \$1.00 (the "**Conversion Price**"). Such voluntary election to convert by Lender is herein called a "**Voluntary Conversion.**"

4. Notwithstanding the other terms and conditions of this Note, in the event of a "**Change in Control Transaction**" (as hereinafter defined) which occurs prior to any other Voluntary Conversion, then, effective immediately upon the consummation of such Change in Control Transaction, the outstanding principal balance and all accrued and unpaid interest under this Note shall be due and payable in full. As used herein, the term "**Change in Control Transaction**" means any of the following transactions: (A) a share exchange, consolidation or merger of the Borrower with or into any other entity or any other corporate reorganization whether or not the Borrower is the surviving entity (unless the stockholders of the Borrower immediately prior to such share exchange, consolidation, merger or reorganization hold in excess of fifty percent (50%) of the general voting power of the Borrower or the surviving entity, as the case may be, immediately after the closing of such transaction); (B) a transaction or series of related transactions in which in excess of fifty percent (50%) of the Borrower's general voting power is transferred to a third party (or group of affiliated third parties) that were not previously stockholders of the Borrower; or (C) a sale of all or substantially all of the assets of the Borrower (unless the stockholders of the Borrower immediately prior to such sale hold in excess of fifty percent (50%) of the general voting power of the purchasing party or parties). The determination of "**general voting power**" shall be based on the aggregate number of votes that are attributable to outstanding securities entitled to vote in the election of directors, general partners, managers or persons performing analogous functions to directors of the entity in question, without regard to contractual arrangements that establish a management structure or that vest the right to designate directors in certain parties.

5. Upon the occurrence of a Voluntary Conversion, the applicable amount of outstanding principal and accrued and unpaid interest under this Note shall be converted into Common Stock of the Borrower at the Conversion Price, without any further action by the Lender and whether or not the Note is surrendered to the Borrower or its transfer agent. The Borrower shall not be obligated to issue certificates evidencing the shares of the Common Stock issuable upon such conversion unless and until such Note is either delivered to the Borrower or its transfer agent, or Lender notifies the Borrower or its transfer agent that such Note has been lost, stolen or destroyed and executes an agreement satisfactory to the Borrower to indemnify the Borrower from any loss incurred by it in connection with such Note. The Borrower shall, as soon as practicable after such delivery, or such agreement and indemnification, issue and deliver at such office to the Lender, a certificate or certificates for the securities to which Lender shall be entitled and a check payable to the Lender in the amount of any cash amounts payable as the result of a conversion into fractional shares, as determined by the board of directors of the Borrower. Such conversion shall be deemed to have been made concurrently with the close of the Voluntary Conversion. The person or persons entitled to receive securities issuable upon such conversion shall be treated for all purposes as the record holder or holders of such securities on such date.

**6.** This Note shall be governed by construed and under the laws of the State of Georgia, without giving effect to conflicts of laws principles.

**7.** Any term of this Note may be amended or waived (subject to the provisions of the Security and Intercreditor Agreement) with the written consent of Borrower and the Lender provided that this Note may not be amended if it disproportionately affects the Lender hereof, without the consent of Lender of this Note.

**8.** Nothing contained in this Note shall be construed as conferring upon the Lender or any other person the right to vote or to consent or to receive notice as a stockholder of the Borrower.

**9.** This Note may be transferred only upon (a) its surrender by Lender to the Borrower for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Borrower and (b) compliance with applicable provisions of the Credit Agreement and the Note Subscription Agreement, including (without limitation) the Borrower's receipt, if it so requests, of an opinion of counsel as set forth in the Note Subscription Agreement. Thereupon, this Note shall be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest shall be issued to, and registered in the name of, the transferee. Interest and principal shall be paid solely to the registered holder of this Note. Such payment shall constitute full discharge of the Borrower's obligation to pay such interest and principal.

**10.** The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

COUNTERPART SIGNATURE PAGE FOLLOWS

**5% CONVERTIBLE SENIOR SECURED PROMISSORY NOTE  
COUNTERPART SIGNATURE PAGE**

This Note is hereby issued to Lender as of the date first above written.

**MiMedx Group, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and Agreed to by Lender:

Signature for Corporate, Partnership, or other Entity  
Holder:

\_\_\_\_\_  
(Print Name of Entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

Signature for Individual Holder:

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

**Exhibit C**

Form of Security and Intercreditor Agreement

**SECURITY AND INTERCREDITOR AGREEMENT**

THIS SECURITY AND INTERCREDITOR AGREEMENT (this "Security Agreement"), dated March 31, 2011, by and among MIMEDX GROUP, INC., a corporation under the laws of the state of Florida ("Grantor"), in favor of Parker H. Petit, in his capacity as collateral agent hereunder (in such capacity, together with any successor collateral agent, "Collateral Agent") for the benefit of the holder of that certain 5% Convertible Senior Secured Promissory Note of even date herewith issued by the Grantor to Parker H. Petit ("Petit") and such other parties who may undertake to lend to the Grantor in the twelve (12) month period immediately following the date hereof and who sign a Counterpart Signature Page hereto (Petit and such other signatories being individually referred to herein as a "Lender," and, collectively, as "Lenders").

**R E C I T A L S**

WHEREAS, Grantor has entered into that certain Revolving Secured Line of Credit Agreement dated of even date herewith with Petit (such agreement as it may be amended or otherwise modified from time to time is referred to herein as the "Credit Agreement");

WHEREAS, Grantor may incur other indebtedness from a Lender evidenced by a note and other appropriate instruments and agreements (together with the Credit Agreement, collectively the "Loan Documents");

WHEREAS, the execution and delivery of this Security Agreement is required by the Credit Agreement, and may be required by the other Loan Documents, as a condition to making extensions of credit thereunder; and

WHEREAS, Grantor has determined that the Notes shall inure to the benefit of Grantor and that it is in its best interest to execute this Security Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. The following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):

"Collateral" shall have the meaning set forth in Section 2 hereof.

"Collateral Agent" shall have the meaning set forth in the heading to this Security Agreement.

“Event of Default” shall have the meaning given to it in the applicable Loan Document.

“Grantor” shall have the meaning set forth in the heading to this Security Agreement.

“Intellectual Property” shall mean any of the following and all rights in, arising out of, or associated therewith: (a) all United States, international, and foreign patents and applications therefor (of any kind) and all reissues, divisions, renewals, extensions, provisionals, continuations, and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, customer lists, computer programs and other computer software, user interfaces, processes and formulae, source code, object code, algorithms, methodologies, logical data models, physical data models, architecture, structure, display screens, layouts, development tools, instructions, templates and marketing materials, designs, all documentation relating to any and all of the foregoing, and all trade secret rights in and to any and all of the foregoing; (c) all copyrights, copyrights registrations, and applications therefor, and all other rights corresponding thereto throughout the world; (d) all industrial designs and any registrations and applications therefor throughout the world; (e) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations, intent-to-use applications, and other registrations and applications therefor throughout the world; (f) all databases and data collections and all rights therein throughout the world; (g) all domain names; and (h) any similar or equivalent rights to any of the foregoing anywhere in the world.

“Lien” shall mean any security interest, mortgage, pledge, hypothecation, charge, claim, option, right to acquire, adverse interest, assignment, deposit arrangement, encumbrance, restriction, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

“Lender” or “Lenders” shall have the meaning set forth in the heading to this Security Agreement.

“Majority In Interest” means, at any time, Lenders holding more than fifty percent (50%) of the outstanding principal amount of the Notes at such time.

“Notes” means that certain 5% Convertible Senior Secured Promissory Note dated March 31, 2011 issued by the Grantor to Petit, together with all promissory notes or evidences of indebtedness included in the Loan Documents issued by the Grantor to the other Lenders.

“Permitted Dispositions” means (i) transfers in the ordinary course of business, including, without limitation, sales of inventory and products made for sale, fixtures, furniture, and transfers of worn out, obsolete or surplus equipment; and (ii) any and all licenses of Intellectual Property from the Grantor to third parties.

“Permitted Liens” means:

(a) Liens consisting of any license or sublicense of Intellectual Property and any interest of a licensor under any such license or sublicense; and

(b) Liens arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a Lender depository institution.

“Pro Rata Share” shall have the meaning set forth in Section 5(e) hereof.

“Secured Obligations” means all indebtedness, liabilities and obligations of Grantor to Lenders, whether now existing or hereafter incurred, pursuant to the Notes.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Georgia; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Lender’s security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Georgia, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection of priority and for purposes of definitions related to such provisions.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce the Borrower and Lenders to cause the Notes to be issued, Grantor hereby grants to Collateral Agent, as agent for the Lenders, a first priority security interest in all patents and other Intellectual Property of the Borrower now owned or hereafter developed or acquired, excluding only (i) the Intellectual Property owned by, or exclusively licensed to, Surgical Biologics, LLC, and (ii) all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing (the “Collateral”).

3. Perfection and Protection of Security Interest.

(a) (a) Perfection of Security Interest. Grantor shall, at its expense, perform all steps requested by the Collateral Agent at any time to perfect, maintain, protect, and enforce the Lenders’ Liens, including: (i) executing, delivering and/or filing of financing or continuation statements, and amendments thereof, in form and substance reasonably satisfactory to the Lenders; (ii) when an Event of Default has occurred and is continuing, if requested by the Collateral Agent, transferring the Collateral as designated by the Collateral Agent; (iii) placing notations on Grantor’s books of account to disclose the Lenders’ security interest; and (iv) taking such other steps as are deemed necessary or desirable by the Collateral Agent to maintain and protect the Lenders’ Liens.

(b) (b) Financing Statements. Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all of the intellectual property of Grantor or words of similar effect (excepting only the patents and other intellectual property owned by Surgical Biologics, LLC), regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or the Uniform Commercial Code of such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Grantor is an organization, the type of organization and any organization identification number issued to the Grantor, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Collateral relates. Any such filing, and any amendment, continuation or termination with respect thereto, shall be made only with the approval of the Majority In Interest for and on behalf of all of the Lenders. Grantor agrees to furnish any such information to the Lenders promptly upon request. The Grantor agrees that a carbon, photographic, photostatic, or other reproduction of this Security Agreement or of a financing statement is sufficient as a financing statement.

(c) (c) Confirmation. From time to time, Grantor shall, upon the Collateral Agent's request, execute and deliver confirmatory written instruments pledging to the Lenders the Collateral, but Grantor's failure to do so shall not affect or limit any security interest or any other rights of the Lenders in and to the Collateral with respect to Grantor. Until all Secured Obligations have been fully satisfied, the security interest granted hereunder shall continue in full force and effect in all Collateral.

4. Power of Attorney. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND EACH OTHER LENDER HEREUNDER HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS COLLATERAL AGENT, WITH FULL POWER OF SUBSTITUTION, AS ITS TRUE AND LAWFUL ATTORNEY-IN-FACT WITH FULL IRREVOCABLE POWER AND AUTHORITY IN THE NAME OF GRANTOR OR IN ITS OWN NAME AS AGENT FOR ITSELF AND THE OTHER SECURED PARTIES, TO TAKE, AFTER THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT, ANY AND ALL ACTIONS AND TO EXECUTE ANY AND ALL DOCUMENTS AND INSTRUMENTS WHICH COLLATERAL AGENT AT ANY TIME AND FROM TIME TO TIME DEEMS NECESSARY TO ACCOMPLISH THE PURPOSES OF THIS SECURITY AGREEMENT AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, GRANTOR HEREBY GIVES COLLATERAL AGENT THE POWER AND RIGHT ON BEHALF OF GRANTOR AND IN ITS OWN NAME TO DO ANY OF THE FOLLOWING AFTER THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT, WITHOUT NOTICE TO, OR THE CONSENT OF, GRANTOR: (a) to endorse the Grantor's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into the Lenders' possession; (b) to sign the Grantor's name on any invoice, bill of lading, warehouse receipt or other negotiable or non-negotiable document constituting Collateral, on drafts against customers, on assignments of accounts, on notices of assignment, financing statements, filings with the United States Patent and Trademark Office, and other public records and to file any such financing statements or other documents by manual or electronic means with or without a signature as authorized or required by applicable law or filing procedure; (c) to notify the post office authorities to change the address for delivery of the Grantor's mail to an address designated by the Collateral Agent and to

receive, open and dispose of all mail addressed to the Grantor; (d) to send requests for verification of accounts to customers or account debtors; (e) to complete in the Grantor's name or the Lenders' names, any order, sale or transaction, obtain the necessary documents in connection therewith, and collect the proceeds thereof; (f) to file such financing statements with respect to this Security Agreement, with or without the Grantor's signature, or to file a photocopy of this Security Agreement in substitution for a financing statement, as the Collateral Agent may deem appropriate, and to execute in the Grantor's name such financing statements and amendments thereto and continuation statements which may require the Grantor's signature; and (g) to do all things necessary to carry out the fulfillment of the obligations of the Grantor under the Notes, the Loan Documents and this Security Agreement. Grantor hereby ratifies and approves all acts of such attorney-in-fact. Neither the Majority In Interest nor the Collateral Agent or other designees or attorneys will be liable for any acts or omissions or for any error of judgment or mistake of fact or law except for their willful misconduct.

**THIS POWER OF ATTORNEY IS A POWER COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE SECURED OBLIGATIONS HAVE BEEN FULLY SATISFIED.**

5. Intercreditor Provisions.

(a) Rights With Respect to Notes. Upon an Event of Default, the Majority In Interest, acting through the Collateral Agent and subject to this Security Agreement, shall have the right to accelerate the maturity of the Notes. Each Lender hereby agrees that it shall not amend or assign its Loan Documents without the prior written consent of a Majority In Interest.

(b) Waivers. Waivers granted and other actions taken pursuant to this Security Agreement shall be effective as against all Lenders if in writing executed by the Collateral Agent.

(c) Sharing of Payments and Proceeds. Each Lender shall share pari passu on a ratable basis equal to its Pro Rata Share (defined below) in all payments from any source made on any of the Notes, and in the Collateral and any proceeds therefrom. "Pro Rata Share" shall mean an amount equal to the amount which results when the total amount of principal that is owing to that Lender is divided by the aggregate principal owing to all Lenders (expressed as a percentage). Each Lender agrees that if it shall receive (by whatever means, including through the exercise of any right of setoff or counterclaim or otherwise) payment of a proportion of the aggregate amount of principal and interest due with respect to the Notes that is greater than its Pro Rata Share, the Lender receiving such proportionately greater payment shall remit to the other Lenders the amount necessary so that each Lender receives its Pro Rata Share of such payment.



(d) Amendment. No amendment of any provision of this Security Agreement shall in any event be effective unless the same shall be in writing and signed by the Majority In Interest.

(i) (e) Collateral Agent. Each Lender hereby appoints Parker H. Petit as its collateral agent hereunder, who shall act as a representative of the Lenders to carry out instructions and directives of the Majority In Interest for purposes of this Security Agreement and to have the other responsibility and authority set forth in this Security Agreement. The Lenders' approval of this Security Agreement shall include confirmation of the authority of the Collateral Agent. Grantor may rely upon the acts of the Collateral Agent for all purposes permitted hereunder. EACH LENDER HEREBY WAIVES ANY CONFLICT OF INTEREST OF THE COLLATERAL AGENT ARISING FROM HIS SERVICE AS COLLATERAL AGENT HEREUNDER AND AS CHAIRMAN, CEO AND A MAJOR SHAREHOLDER OF BORROWER.

(ii) The Collateral Agent shall have full power of attorney to act in the name, place, and stead of the Lenders in all matters in connection with this Security Agreement, upon the approval of the Majority In Interest or as may be specifically provided herein. The Collateral Agent's authority to act on behalf of the Lenders includes the power to execute all such documents, waivers, amendments, and instruments as are approved by the Majority In Interest or by this Security Agreement.

(iii) The Collateral Agent shall have no duties or obligations except as specifically set forth in this Security Agreement. In acting on behalf of the Majority In Interest, the Collateral Agent may rely upon, and shall be protected in acting or refraining from acting upon, an opinion or advice of counsel, certificate of auditors or other certificate, statement, instrument, opinion, report, notice, request, consent, order, arbitrator's award, appraisal, bonds, or other paper or document reasonably believed by them to be genuine and to have been executed or presented by the proper party or parties. The Collateral Agent shall not be personally liable to the Majority In Interest for any action taken, suffered, or omitted by him, except for willful misconduct or gross neglect.

The Collateral Agent and each Lender hereby agree that the Majority In Interest shall have the full and complete right and authority to give instructions to, and otherwise direct, the Collateral Agent in respect of the Collateral or any action with respect to any Collateral. The Collateral Agent shall not have by reason of this Security Agreement or any other document a fiduciary relationship in respect of any Lender.

6. Representations and Warranties. Grantor hereby represents and warrants to the Lenders that except for the security interest granted under this Security Agreement and Permitted Liens, Grantor has granted no other security interest in the Collateral that is still outstanding, and that the Collateral Agent has been a valid, binding and enforceable Lien and/or security interest in and to the Collateral hereunder for the benefit of the Lenders.

7. Covenants. Grantor covenants and agrees with the Lenders that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

7.1 Further Assurances. At any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as the Collateral Agent may reasonably deem desirable to obtain the full benefit of this Security Agreement.

7.2 Maintenance of Records. Grantor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral. Grantor shall allow reasonable access to such records upon reasonable notice from Lenders.

7.3 Collateral. The Grantor agrees that it will not, without the prior written consent of the Collateral Agent, consent to, permit or suffer to occur any sale, transfer, Lien, or use of any of the Collateral adversely affecting the interest of the Lenders therein, other than pursuant to Permitted Liens and Permitted Dispositions.

#### 8. Rights and Remedies Upon Default.

(a) Upon the occurrence and during the continuation of an Event of Default (subject to the provisions of this Security Agreement and the Loan Documents), the Lenders, acting through the Collateral Agent, shall have the right to take title to, seize, assign, sell, and otherwise dispose of the Collateral, or any part thereof, either at public or private sale, in lots or in bulk, for cash, credit or otherwise, with or without representations or warranties, and upon such terms as shall be reasonable, and any Lender may bid or become the purchaser at any such sale. If notification to Grantor of any intended disposition by the Lenders of any of the Collateral is required by applicable law, such notification will be deemed to have been reasonable and proper if given at least 20 days prior to such disposition.

(b) If any Event of Default shall occur and be continuing, the Lenders, acting through the Collateral Agent, may exercise, in addition to all other rights and remedies granted to it under this Security Agreement and the Loan Documents, all rights and remedies of a secured party under the UCC.

(c) Except as specifically provided for herein, Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(d) The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed in the following order of priorities:

First, to the Collateral Agent in an amount sufficient to pay in full the reasonable costs of the Collateral Agent in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by the Collateral Agent in connection therewith, including, without limitation, reasonable attorneys' fees;

Second, to the Lenders in the amount of the Pro Rata Share owing to each Lender; and

Finally, upon payment in full of the Secured Obligations, to Grantor or its representatives or as a court of competent jurisdiction may direct.

9. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of Lenders or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

10. Miscellaneous.

10.1 No Waiver; Cumulative Remedies.

(a) Lenders shall not by any act, delay, omission or otherwise be deemed to have waived any of their respective rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

(b) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(c) None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except as provided herein.

10.2 Termination of this Security Agreement. This Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

10.3 Successor and Assigns. This Security Agreement shall be binding upon the successors of Grantor and Lenders and may not be assigned by any party.

10.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Security Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws.

10.5 Counterparts. This Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.6 Titles and Subtitles. The titles of the sections and subsections of this Security Agreement are not to be considered in construing this Security Agreement.

10.7 Severability. In case any provision of this Security Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

10.8 Agreement is Entire Contract. This Security Agreement, the Notes, and the other Loan Documents, constitute the final, complete and exclusive contract between the parties hereto with respect to the subject matter hereof and no party shall be liable or bound to the other in any manner by any warranties, representations, guarantees or covenants except as specifically set forth herein and in such other documents referred to above. Nothing in this Security Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any right, remedies, obligations or liabilities under or by reason of this Security Agreement, except as expressly provided herein.

*[Signatures Contained on the Following Page]*

In Witness Whereof, the undersigned have caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

GRANTOR:

MiMedx Group, Inc.

By: \_\_\_\_\_  
Michael J. Senken, CFO

[COMPANY SEAL]

COLLATERAL AGENT:

\_\_\_\_\_ (SEAL)  
Parker H. Petit

*LENDERS' COUNTERPART SIGNATURE PAGE TO SECURITY AND INTERCREDITOR  
AGREEMENT FOLLOWS*

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*LENDERS' COUNTERPART SIGNATURE PAGE TO  
SECURITY AND INTERCREDITOR AGREEMENT*

**LENDERS:**

Signature for Corporate, Partnership, or other Entity  
Lender:

Signature for Individual Lender:

\_\_\_\_\_  
(Print Name of Entity)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_



**Exhibit D**

Form of First Contingent Warrant

**THIS WARRANT MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT AS SPECIFIED HEREIN. NEITHER THE RIGHTS REPRESENTED BY THIS WARRANT NOR THE SHARES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED FOR OFFER OR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAW. SUCH RIGHTS AND SHARES MAY NOT BE SOLD OR OFFERED FOR SALE IN WHOLE OR IN PART EXCEPT IN ACCORDANCE WITH THE PROVISIONS HEREOF.**

Warrant No.:

Issuance Date: \_\_\_\_\_, 2011

Number of Warrant Shares:

Warrant Exercise Price: USD\$.01 per share

**MiMedx Group, Inc.**

**Warrant to Purchase Common Stock**

MiMedx Group, Inc., a Florida corporation (the "**Company**"), hereby certifies that \_\_\_\_\_, the registered holder hereof, or its permitted assigns ("**Holder**"), is entitled, subject to the terms set forth below, including without limitation Section 3 hereof, to purchase from the Company upon surrender of this warrant (the "**Warrant**"), at any time or times on or after, and subject to the occurrence of, the Effective Date hereof but not after 5:00 P.M. (Eastern Standard Time) on the Expiration Date (as defined herein), all or any part of the Warrant Shares (as defined herein), of fully paid and nonassessable Common Stock (as defined herein) of the Company by payment of the applicable aggregate Warrant Exercise Price (as defined herein) in lawful money of the United States.

SECTION 1. Definitions. The following words and terms as used in this Warrant shall have the following meanings:

(a) "**2011 Gross Revenues**" means the Company's total revenue from all sources on a consolidated basis, for the year ending December 31, 2011, as reflected in its audited financial statements.

(b) "**Assignment Form**" shall have the meaning given to such term in Section 14(h) of this Warrant.

(c) "**Change in Control**" means the date the shareholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation or other business entity (for these purposes, each, a "corporation"), in which the holders of the Company's Common Stock immediately prior to the merger or consolidation have voting control over less than fifty percent (50%) of the voting securities of the surviving corporation outstanding immediately after such merger or consolidation, or (B) to sell or otherwise dispose of all or substantially all the assets of the Company.

(d) "**Common Stock**" means (i) the Company's common stock and (ii) any capital stock resulting from a reclassification of such "Common Stock."

(e) “**Company**” means MiMedx Group, Inc., a Florida corporation.

(f) “**Convertible Securities**” means any securities issued by the Company which are convertible into or exchangeable for, directly or indirectly, shares of Common Stock.

(g) “**Effective Date**” means the first to occur of the following: (i) the first business day following the Measurement Date if and only if the Company’s 2011 Gross Revenues are less than \$11,500,000, and (ii) the occurrence of a Change in Control prior to the Measurement Date, other than a Qualified Change in Control. .

(h) “**Exercise Date**” means any date after the Effective Date on which notice of exercise hereof is given by Holder.

(i) “**Expiration Date**” means the date which is five (5) years after the Issuance Date as shown on the face hereof; provided however that this Warrant may terminate earlier as provided in Section 3 hereof.

(j) “**Holder**” shall have that meaning given to such term in the introductory paragraph of this Warrant.

(k) “**Market Price**” means the fair market value of one share of Common Stock determined as follows: (i) where there exists a public market for the Company’s Common Stock at the time of such exercise, the fair market value per share shall be the closing trading price of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ National Market System or on any exchange on which the Common Stock is listed, whichever is applicable, for the five (5) trading days (or such fewer number of trading days as the Company’s Common Stock may have been publicly traded) ending on the trading day prior to the date of determination of fair market value and (ii) if at any time the Common Stock is not listed on any domestic exchange or quoted in the NASDAQ System or the domestic over-the-counter market, the higher of (A) the book value thereof, as determined by any firm of independent public accountants of recognized standing selected by the Board of Directors, as at the last day as of which such determination shall have been made, or (B) the fair value thereof determined in good faith by the Board of Directors as of the date which is within fifteen (15) days of the date as of which the determination is to be made (in determining the fair value thereof, the Board of Directors shall consider stock market valuations and price to earnings ratios of comparable companies in similar industries).

(l) “**Measurement Date**” means the date on which the Company files with the SEC its audited financial statements for the fiscal year ending December 31, 2011.

(m) “**Qualified Change in Control**” means any Change in Control which occurs prior to the Measurement Date and in which the holders of the Company’s Common Stock will receive consideration in any form, having a value of \$1.50 or more, per share of Common Stock.



(n) "**SEC**" means the Securities and Exchange Commission.

(o) "**Securities Act**" means the Securities Act of 1933, as amended.

(p) "**Subscription Notice**" shall have that meaning given to such term in Section 2(a) of this Warrant.

(q) "**Warrant**" shall have that meaning given to such term in the introductory paragraph of this document.

(r) "**Warrant Exercise Price**" shall initially be the amount per share shown above on the face hereof.

(s) "**Warrant Shares**" means the shares of Common Stock subject to this Warrant and shown above on the face hereof.

(t) **Other Definitional Provisions.**

(i) Except as otherwise specified herein, all references herein (A) to any person other than the Company, shall be deemed to include such person's successors and permitted assigns, (B) to the Company shall be deemed to include the Company's successors and (C) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

(ii) When used in this Warrant, the words "herein," "hereof," and "hereunder," and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

(iii) Whenever the context so requires the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

#### SECTION 2. Exercise of Warrant.

(a) Subject to the terms and conditions hereof (including, without limitation, the termination provisions set forth herein), this Warrant may be exercised in whole or in part, at any time during normal business hours on or after the Effective Date and prior to 5:00 p.m. (Eastern Standard Time) on the Expiration Date. The rights represented by this Warrant may be exercised by the holder hereof then registered on the books of the Company, in whole or from time to time in part (except that this Warrant shall not be exercisable as to a fractional share), by: (i) delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the "**Subscription Notice**"), of such holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased; (ii) payment to the Company of an amount equal to the Warrant Exercise Price multiplied by the number of Warrant Shares as to which the Warrant is being exercised (plus any applicable issue

or transfer taxes) in cash, by wire transfer or by certified or official bank check; and (iii) the surrender of this Warrant, properly endorsed, at the principal office of the Company in Marietta, Georgia (or at such other agency or office of the Company as the Company may designate by notice to the Holder); provided, that if such Warrant Shares are to be issued in any name other than that of the Holder, such issuance shall be deemed a transfer and the provisions of Section 14 shall be applicable. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Shares so purchased, registered in the name of, or as directed by, the Holder, shall be delivered to, or as directed by the Holder within a reasonable time after the date on which such rights shall have been so exercised. In the event that this Warrant becomes exercisable due to the occurrence of a Change in Control, the Company shall give the Holder written notice of the occurrence thereof at least five business days prior to the consummation of the transaction which was approved by the shareholders of the Company.

(b) Unless the rights represented by this Warrant shall have expired or have been fully exercised, the Company shall issue, within such fifteen (15) day period, a new Warrant identical in all respects to the Warrant exercised except (x) such new Warrant shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under the warrant exercised, less the number of Warrant Shares with respect to which such original Warrant was exercised, and (y) the Warrant Exercise Price thereof shall be, subject to further adjustment as provided in this Warrant, the Warrant Exercise Price of the Warrant exercised. The person in whose name any certificate for Warrant Shares is issued upon exercise of this Warrant shall for all purposes be deemed to have become the holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the amount due in respect of such exercise and any applicable taxes was made, irrespective of the date of delivery of such share certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are properly closed, such person shall be deemed to have become the holder of such Warrant Shares at the opening of business on the next succeeding date on which the stock transfer books are open.

SECTION 3. Termination of the Warrant. This Warrant shall automatically terminate without exercise and shall be null and void on the earliest to occur of: (i) the Measurement Date, if the 2011 Gross Revenues of the Company equals or exceeds \$11,500,000, or (ii) the occurrence of ten consecutive trading days prior to the Measurement Date, in which the closing trading price of the Common Stock is at least \$1.50 per share, or (iii) upon the occurrence of a Qualified Change In Control.

SECTION 4. Covenants as to Common Stock.

(a) The Company covenants and agrees that all Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of the rights then represented by this Warrant and that the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price.

(b) If any shares of Common Stock reserved or to be reserved to provide for the exercise of the rights then represented by this Warrant require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued to the Holder, then the Company covenants that it will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

SECTION 5. Adjustment of Warrant Exercise Price upon Stock Splits, Dividends, Distributions and Combinations; and Adjustment of Number of Shares.

(a) In case the Company shall at any time split or subdivide its outstanding shares of Common Stock into a greater number of shares or issue a stock dividend (including any distribution of stock without consideration) or make a distribution with respect to outstanding shares of Common Stock or Convertible Securities payable in Common Stock or in Convertible Securities, the Warrant Exercise Price in effect immediately prior to such subdivision or stock dividend or distribution shall be proportionately reduced and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case, by multiplying the then effective Warrant Exercise Price by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such subdivision, stock dividend, distribution or combination (determined on a fully diluted basis), and the denominator of which shall be the total number of shares of Common Stock, immediately after such subdivision, stock dividend, distribution or combination (determined on a fully diluted basis), and the product so obtained shall thereafter be the Warrant Exercise Price. For purposes of this Warrant, "on a fully diluted basis" means that all issued and outstanding capital stock of the Company, including all Convertible Securities, and all outstanding options and warrants, whether or not vested, shall be taken into account.

(b) Upon each adjustment of the Warrant Exercise Price as provided above in this Section 5, the Holder shall thereafter be entitled to purchase, at the Warrant Exercise Price resulting from such adjustment, the number of shares (calculated to the nearest tenth of a share) obtained by multiplying the Warrant Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the Warrant Exercise Price immediately after such adjustment.

SECTION 6. Reorganization, Reclassification, Etc. Subject to the provisions of Section 3 hereof, in case of any capital reorganization, or of any reclassification of the capital stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a split-up or combination) or in case of the consolidation or merger of the Company with or into any other corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in the Common Stock being changed into or exchanged for stock or other securities or property of any other person), or of the sale of the properties and assets of the Company as, or substantially as, an entirety to any other corporation, this Warrant shall, after such capital reorganization, reclassification of capital stock, consolidation, merger or sale, entitle the Holder hereof to purchase the kind and number of shares of stock or other securities or property of the Company or of the corporation resulting from such consolidation or surviving such merger or to which such sale shall be made, as the case may be, to which the holder hereof would have been entitled if he had held the Common Stock issuable upon the exercise hereof immediately prior to such capital reorganization, reclassification of capital stock, consolidation, merger or sale, and, in any such case, appropriate provision shall be made with respect to the rights and interests of the holder of this Warrant to the end that the provisions thereof (including without limitation provisions for adjustment of the Warrant Exercise Price and of the number of shares purchasable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be in relation to any shares of stock, securities, or assets thereafter deliverable upon the exercise of the rights represented hereby. The Company shall not effect any such consolidation, merger or sale, unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger of the corporation purchasing such assets shall assume by written instrument executed and mailed or delivered to the registered holder hereof at the address of such holder appearing on the books of the Company, the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase.

SECTION 7. Notice of Adjustment of Warrant Exercise Price. Upon any adjustment of the Warrant Exercise Price, then the Company shall give notice thereof to the Holder of this Warrant, which notice shall state the Warrant Exercise Price in effect after such adjustment and the increase, or decrease, if any, in the number of Warrant Shares purchasable at the Warrant Exercise Price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

SECTION 8. Computation of Adjustments. Upon each computation of an adjustment in the Warrant Exercise Price and the number of shares which may be subscribed for and purchased upon exercise of this Warrant, the Warrant Exercise Price shall be computed to the nearest cent (i.e. fraction of .5 of a cent, or greater, shall be rounded to the next highest cent) and the number of shares which may be subscribed for and purchased upon exercise of this Warrant shall be calculated to the nearest whole share (i.e. fractions of less than one half of a share shall be disregarded and fractions of one half of a share, or greater, shall be treated as being a whole share). No such adjustment shall be made however, if the change in the Warrant Exercise Price would be less than \$.001 per share, but any such lesser adjustment shall be made (i) at the time and together with the next subsequent adjustment which, together with any adjustments carried forward, shall amount to \$.001 per share or more, or (ii) if earlier, upon the third anniversary of the event for which such adjustment is required.

SECTION 9. Net Issue Exercise. Notwithstanding any provisions herein to the contrary, if the Market Price of one share of Common Stock is greater than the Warrant Exercise Price at the date of exercise of the Warrant, in lieu of exercising the Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of the Warrant (or portion thereof being canceled) by surrender of the Warrant at the principal office of the Company together with the duly executed Notice of Exercise, in which event the Company shall issue to the Holder a number of shares of the Common Stock computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

WHERE X = the number of shares of Common Stock to be issued to the Holder;  
Y = the number of shares of the Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, the number of shares underlying the Warrant to the extent exercised (at the date of such exercise);  
A = the Market Price of one share of Common Stock (at the date of such calculation); and  
B = Warrant Exercise Price (at the date of such calculation).

SECTION 10. No Change in Warrant Terms on Adjustment. Irrespective of any adjustment in the Warrant Exercise Price or the number of shares of Common Stock issuable upon exercise hereof, this Warrant, whether theretofore or thereafter issued or reissued, may continue to express the same price and number of shares as are stated herein and the Warrant Exercise Price and such number of shares specified herein shall be deemed to have been so adjusted.

SECTION 11. Taxes. The Company shall not be required to pay any tax or taxes attributable to the initial issuance of the Warrant Shares or any transfer involved in the issue or delivery of any certificates for Warrant Shares in a name other than that of the registered holder hereof or upon any transfer of this Warrant.

SECTION 12. Warrant Holder Not Deemed a Shareholder. No holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance of record to the holder of this Warrant of the Warrant Shares which he is then entitled to receive upon the due exercise of this Warrant.

SECTION 13. No Limitation on Corporate Action. No provisions of this Warrant and no right or option granted or conferred hereunder shall in any way limit, affect or abridge the exercise by the Company of any of its corporate rights or powers to recapitalize, amend its Articles of Incorporation, reorganize, consolidate or merge with or into another corporation, or to transfer all or any part of its property or assets, or the exercise of any other of its corporate rights and powers.

SECTION 14. Transfer; Opinions of Counsel; Restrictive Legends. To the extent applicable, each certificate or other document evidencing any of the Warrant Shares shall be endorsed with the legends set forth below, and Holder covenants that, except to the extent such restrictions are waived by the Company, Holder shall not transfer the Warrant Shares without complying with the restrictions on transfer described in the legends endorsed thereon;

(a) The following legend under the Securities Act:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.”

(b) If required by the authorities of any state in connection with the issuance or sale of the Warrant Shares, the legend required by such state authority.

(c) The Company shall not be required (i) to transfer on its books either this Warrant or any Warrant Shares which shall have been transferred in violation of any of the provisions set forth in this Section 14, or (ii) to treat as owner of such Warrant Shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such Warrant Shares shall have been so transferred.

(d) Any legend endorsed on a certificate pursuant to subsection (a) or (b) of this Section 14 shall be removed (i) if the Warrant Shares represented by such certificate shall have been effectively registered under the Securities Act or otherwise lawfully sold in a public transaction, or (ii) if the holder of such Warrant Shares shall have provided the Company with an opinion from counsel, in form and substance reasonably acceptable to the Company and from attorneys reasonably acceptable to the Company, stating that a public sale, transfer or assignment of the Warrant or the Warrant Shares may be made without registration.

(e) Any legend endorsed on a certificate pursuant to subsection (b) of this Section 14 shall be removed if the Company receives an order of the appropriate state authority authorizing such removal or if the holder of the Warrant or the Warrant Shares provides the Company with an opinion of counsel, in form and substance reasonably acceptable to the Company and from attorneys reasonably acceptable to the Company, stating that such state legend may be removed.

(f) Without in any way limiting the representations set forth above, Holder further agrees not to make any disposition of all or any portion of the Warrant at any time other than to an affiliate of the Holder; provided, however, that such affiliate transferee agrees in writing to be subject to the terms of this Section 14. In addition, the Holder agrees not to make any disposition of all or any portion of the Warrant Shares unless:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, (A) Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of the Warrant or any Warrant Shares under the Securities Act and (B) the transferee shall have furnished to the Company its agreement to abide by the restrictions on transfer set forth herein as if it were a purchaser hereunder.

(g) Notwithstanding the other provisions of this Section 14, no such registration statement or opinion of counsel shall be required for any transfer by a Holder, (i) if it is a partnership or a corporation, to a partner or pro rata to its equity holder(s) of such Holder (or a third party duly authorized to act on behalf of such Holder or its partners or equity holders), or (ii) if he or she is an individual, to members of such individual's family for estate planning purposes; provided, however, that the transferee agrees in writing to be subject to the terms of this Section 14.

(h) Upon delivery of the foregoing opinion of counsel (with respect to a transfer of the Warrant Shares) and the surrender of this Warrant to the Company at its principal office, together with (i) the assignment form annexed hereto as Exhibit B (the "**Assignment Form**") duly executed and (ii) funds sufficient to pay any transfer tax, the Company shall, if it determines such transfer is permitted by the terms of this Warrant, without additional charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be cancelled.

SECTION 15. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on such terms as to indemnity or otherwise as it may in its discretion impose (except in the event of loss, theft, mutilation or destruction while this Warrant is in possession of the Company's Escrow Agent, in which events the Company shall be solely responsible) (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

SECTION 16. Representation of Holder. The Holder, by the acceptance hereof, represents that it is acquiring this Warrant, and the Warrant Shares, for its own account, for investment purposes, and not with a present view either to sell, distribute, or transfer, or to offer for sale, distribution, or transfer, any of the Warrant or the Warrant Shares, or any other securities issuable upon the exercise thereof.

SECTION 17. Restricted Securities. The Holder understands that the Warrant and the Warrant Shares issuable upon exercise of the Warrant, will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Warrant is exempt pursuant to Section 4(2) of the Securities Act based on the representations of the Holder set forth herein. The Warrant Holder represents that it is experienced in evaluating companies such as the Company, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to suffer the total loss of the investment. The Holder further represents that it has had the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the Warrant, the business of the Company, and to obtain additional information to such Holder's satisfaction. The Holder represents that it is an "Accredited Investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

SECTION 18. Notices. All Notices, requests and other communications that the Holder or the Company is required or elects to give hereunder shall be in writing and shall be deemed to have been given (a) upon personal delivery thereof, including by appropriate courier service, five (5) days after delivery to the courier or, if earlier, upon delivery against a signed receipt therefore or (b) upon transmission by facsimile or telecopier, which transmission is confirmed, in either case addressed to the party to be notified at the address set forth below or at such other address as such party shall have notified the other parties hereto, by notice given in conformity with this Section 18.

If to the Company:  
MiMedx Group, Inc.  
811 Livingston Ct. SE, Suite B  
Marietta, GA 30067  
Attention: General Counsel  
Facsimile: (678) 384-6741

If to the Holder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile: \_\_\_\_\_

SECTION 19. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party or holder hereof against which enforcement of such change, waiver, discharge or termination is sought. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.



SECTION 20. Date. The Issuance Date of this Warrant is the date shown on the first page above on the face hereof. This Warrant, in all events, shall be wholly void and of no effect after 5:00 p.m. (Eastern Time) on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 14 shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

SECTION 21. Severability. If any provision of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way and shall be construed in accordance with the purposes and tenor and effect of this Warrant.

SECTION 22. Governing Law. This Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, without reference to its conflicts of law principles.

[Signatures Contained on the Following Page]

IN WITNESS WHEREOF, the Company has executed this Warrant as of the Issuance Date.

MiMedx Group, Inc.

By: \_\_\_\_\_  
Name: Michael J. Senken  
Title: Chief Financial Officer

Acknowledged and Agreed:  
HOLDER:

\_\_\_\_\_  
Name:  
Title (if applicable):

**EXHIBIT A TO**  
**WARRANT**  
**SUBSCRIPTION NOTICE**  
*TO BE EXECUTED BY THE REGISTERED HOLDER IF SUCH REGISTERED HOLDER  
DESIRES TO EXERCISE THIS WARRANT*

The undersigned hereby exercises the right to purchase Warrant Shares covered by this Warrant according to the conditions thereof and herewith [makes payment of \$\_\_\_\_\_, the aggregate Warrant Exercise Price of such Warrant Shares in full] [tenders solely this Warrant, or applicable portion hereof, in full satisfaction of the Warrant Exercise Price upon the terms and conditions set forth herein.]

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name \_\_\_\_\_

(Please typewrite or print in block letters)

Address \_\_\_\_\_

**Holder Name:**

By: \_\_\_\_\_

Name:

Title:

[Net] Number of Warrant Shares Being Purchased

\_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

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**EXHIBIT B TO**  
**WARRANT**  
**ASSIGNMENT FORM**

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and transfers unto

Name \_\_\_\_\_  
(Please typewrite or print in block letters)

Address \_\_\_\_\_  
the right to purchase Common Stock represented by this Warrant to the extent of shares as to which such right is exercisable and does hereby irrevocably constitute and appoint Attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Date \_\_\_\_\_, 20\_\_

Signature \_\_\_\_\_

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**Exhibit E**

Form of Second Contingent Warrant

**THIS WARRANT MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT AS SPECIFIED HEREIN. NEITHER THE RIGHTS REPRESENTED BY THIS WARRANT NOR THE SHARES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED FOR OFFER OR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAW. SUCH RIGHTS AND SHARES MAY NOT BE SOLD OR OFFERED FOR SALE IN WHOLE OR IN PART EXCEPT IN ACCORDANCE WITH THE PROVISIONS HEREOF.**

Warrant No.:  
Number of Warrant Shares:

Issuance Date: \_\_\_\_\_, 2011  
Warrant Exercise Price: USD\$.01 per share

**MiMedx Group, Inc.**  
**Warrant to Purchase Common Stock**

MiMedx Group, Inc., a Florida corporation (the "**Company**"), hereby certifies that \_\_\_\_\_, the registered holder hereof, or its permitted assigns ("**Holder**"), is entitled, subject to the terms set forth below, including without limitation Section 3 hereof, to purchase from the Company upon surrender of this warrant (the "**Warrant**"), at any time or times on or after, and subject to the occurrence of, the Effective Date hereof but not after 5:00 P.M. (Eastern Standard Time) on the Expiration Date (as defined herein), all or any part of the Warrant Shares (as defined herein), of fully paid and nonassessable Common Stock (as defined herein) of the Company by payment of the applicable aggregate Warrant Exercise Price (as defined herein) in lawful money of the United States.

SECTION 1. Definitions. The following words and terms as used in this Warrant shall have the following meanings:

(a) "**2012 Gross Revenues**" means the Company's total revenue from all sources on a consolidated basis, for the year ending December 31, 2012, as reflected in its audited financial statements.

(b) "**Assignment Form**" shall have the meaning given to such term in Section 14(h) of this Warrant.

(c) "**Change in Control**" means the date the shareholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation or other business entity (for these purposes, each, a "corporation"), in which the holders of the Company's Common Stock immediately prior to the merger or consolidation have voting control over less than fifty percent (50%) of the voting securities of the surviving corporation outstanding immediately after such merger or consolidation, or (B) to sell or otherwise dispose of all or substantially all the assets of the Company.

(d) "**Common Stock**" means (i) the Company's common stock and (ii) any capital stock resulting from a reclassification of such "Common Stock."

(e) “**Company**” means MiMedx Group, Inc., a Florida corporation.

(f) “**Convertible Securities**” means any securities issued by the Company which are convertible into or exchangeable for, directly or indirectly, shares of Common Stock.

(g) “**Effective Date**” means the first to occur of the following: (i) the first business day following the Second Measurement Date if and only if the Company’s 2012 Gross Revenues are less than \$31,150,000, and (ii) the occurrence of a Change in Control after the First Measurement Date and prior to the Second Measurement Date, other than a Qualified Change in Control.

(h) “**Exercise Date**” means any date after the Effective Date on which notice of exercise hereof is given by Holder.

(i) “**Expiration Date**” means the date which is five (5) years after the Issuance Date as shown on the face hereof; provided however that this Warrant may terminate earlier as provided in Section 3 hereof.

(j) “**First Measurement Date**” means the date on which the Company files with the SEC its audited financial statements for the fiscal year ending December 31, 2011.

(k) “**Holder**” shall have that meaning given to such term in the introductory paragraph of this Warrant.

(l) “**Market Price**” means the fair market value of one share of Common Stock determined as follows: (i) where there exists a public market for the Company’s Common Stock at the time of such exercise, the fair market value per share shall be the closing trading price of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ National Market System or on any exchange on which the Common Stock is listed, whichever is applicable, for the five (5) trading days (or such fewer number of trading days as the Company’s Common Stock may have been publicly traded) ending on the trading day prior to the date of determination of fair market value and (ii) if at any time the Common Stock is not listed on any domestic exchange or quoted in the NASDAQ System or the domestic over-the-counter market, the higher of (A) the book value thereof, as determined by any firm of independent public accountants of recognized standing selected by the Board of Directors, as at the last day as of which such determination shall have been made, or (B) the fair value thereof determined in good faith by the Board of Directors as of the date which is within fifteen (15) days of the date as of which the determination is to be made (in determining the fair value thereof, the Board of Directors shall consider stock market valuations and price to earnings ratios of comparable companies in similar industries).

(m) “**Qualified Change in Control**” means any Change in Control which occurs after the First Measurement Date and prior to the Second Measurement Date and in which the holders of the Company’s Common Stock will receive consideration in any form, having a value of \$1.75 or more, per share of Common Stock.

(n) “**SEC**” means the Securities and Exchange Commission.

(o) “**Second Measurement Date**” means the date on which the Company files with the SEC its audited financial statements for the fiscal year ending December 31, 2012.

(p) “**Securities Act**” means the Securities Act of 1933, as amended.

(q) “**Subscription Notice**” shall have that meaning given to such term in Section 2(a) of this Warrant.

(r) “**Warrant**” shall have that meaning given to such term in the introductory paragraph of this document.

(s) “**Warrant Exercise Price**” shall initially be the amount per share shown above on the face hereof.

(t) “**Warrant Shares**” means the shares of Common Stock subject to this Warrant and shown above on the face hereof.

(u) **Other Definitional Provisions.**

(i) Except as otherwise specified herein, all references herein (A) to any person other than the Company, shall be deemed to include such person’s successors and permitted assigns, (B) to the Company shall be deemed to include the Company’s successors and (C) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

(ii) When used in this Warrant, the words “herein,” “hereof,” and “hereunder,” and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words “Section,” “Schedule,” and “Exhibit” shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

(iii) Whenever the context so requires the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

## SECTION 2. Exercise of Warrant.

(a) Subject to the terms and conditions hereof (including, without limitation, the termination provisions set forth herein), this Warrant may be exercised in whole or in part, at any time during normal business hours on or after the Effective Date and prior to 5:00 p.m. (Eastern Standard Time) on the Expiration Date. The rights represented by this Warrant may be exercised by the holder hereof then registered on the books of the Company, in whole or from time to time in part (except that this Warrant shall not be exercisable as to a fractional share), by: (i) delivery of a written notice, in the form of the subscription notice attached as Exhibit A hereto (the “**Subscription Notice**”), of such holder’s election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased; (ii) payment to the Company of an amount equal to the Warrant Exercise Price multiplied by the number of Warrant Shares as to which the Warrant is being exercised (plus any applicable issue or transfer taxes) in cash, by wire transfer or by certified or official bank check; and (iii) the surrender of this Warrant, properly endorsed, at the principal office of the Company in Marietta, Georgia (or at such other agency or office of the Company as the Company may designate by notice to the Holder); provided, that if such Warrant Shares are to be issued in any name other than that of the Holder, such issuance shall be deemed a transfer and the provisions of Section 14 shall be applicable. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Shares so purchased, registered in the name of, or as directed by, the Holder, shall be delivered to, or as directed by the Holder within a reasonable time after the date on which such rights shall have been so exercised. In the event that this Warrant becomes exercisable due to the occurrence of a Change in Control, the Company shall give the Holder written notice of the occurrence thereof at least five business days prior to the consummation of the transaction which was approved by the shareholders of the Company.

(b) Unless the rights represented by this Warrant shall have expired or have been fully exercised, the Company shall issue, within such fifteen (15) day period, a new Warrant identical in all respects to the Warrant exercised except (x) such new Warrant shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under the warrant exercised, less the number of Warrant Shares with respect to which such original Warrant was exercised, and (y) the Warrant Exercise Price thereof shall be, subject to further adjustment as provided in this Warrant, the Warrant Exercise Price of the Warrant exercised. The person in whose name any certificate for Warrant Shares is issued upon exercise of this Warrant shall for all purposes be deemed to have become the holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the amount due in respect of such exercise and any applicable taxes was made, irrespective of the date of delivery of such share certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are properly closed, such person shall be deemed to have become the holder of such Warrant Shares at the opening of business on the next succeeding date on which the stock transfer books are open.

SECTION 3. Termination of the Warrant. This Warrant shall automatically terminate without exercise and shall be null and void on the earliest to occur of: (i) the Second Measurement Date, if the 2012 Gross Revenues of the Company equals or exceeds \$31,150,000, or (ii) the occurrence of ten consecutive trading days after the First Measurement Date and prior to the Second Measurement Date, in which the closing trading price of the Common Stock is at least \$1.75 per share, or (iii) upon the occurrence of a Qualified Change In Control.



SECTION 4. Covenants as to Common Stock.

(a) The Company covenants and agrees that all Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of the rights then represented by this Warrant and that the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price.

(b) If any shares of Common Stock reserved or to be reserved to provide for the exercise of the rights then represented by this Warrant require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued to the Holder, then the Company covenants that it will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

SECTION 5. Adjustment of Warrant Exercise Price upon Stock Splits, Dividends, Distributions and Combinations; and Adjustment of Number of Shares.

(a) In case the Company shall at any time split or subdivide its outstanding shares of Common Stock into a greater number of shares or issue a stock dividend (including any distribution of stock without consideration) or make a distribution with respect to outstanding shares of Common Stock or Convertible Securities payable in Common Stock or in Convertible Securities, the Warrant Exercise Price in effect immediately prior to such subdivision or stock dividend or distribution shall be proportionately reduced and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Exercise Price in effect immediately prior to such combination shall be proportionately increased, in each case, by multiplying the then effective Warrant Exercise Price by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such subdivision, stock dividend, distribution or combination (determined on a fully diluted basis), and the denominator of which shall be the total number of shares of Common Stock, immediately after such subdivision, stock dividend, distribution or combination (determined on a fully diluted basis), and the product so obtained shall thereafter be the Warrant Exercise Price. For purposes of this Warrant, "on a fully diluted basis" means that all issued and outstanding capital stock of the Company, including all Convertible Securities, and all outstanding options and warrants, whether or not vested, shall be taken into account.

(b) Upon each adjustment of the Warrant Exercise Price as provided above in this Section 5, the Holder shall thereafter be entitled to purchase, at the Warrant Exercise Price resulting from such adjustment, the number of shares (calculated to the nearest tenth of a share) obtained by multiplying the Warrant Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the Warrant Exercise Price immediately after such adjustment.

SECTION 6. Reorganization, Reclassification, Etc. Subject to the provisions of Section 3 hereof, in case of any capital reorganization, or of any reclassification of the capital stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a split-up or combination) or in case of the consolidation or merger of the Company with or into any other corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in the Common Stock being changed into or exchanged for stock or other securities or property of any other person), or of the sale of the properties and assets of the Company as, or substantially as, an entirety to any other corporation, this Warrant shall, after such capital reorganization, reclassification of capital stock, consolidation, merger or sale, entitle the Holder hereof to purchase the kind and number of shares of stock or other securities or property of the Company or of the corporation resulting from such consolidation or surviving such merger or to which such sale shall be made, as the case may be, to which the holder hereof would have been entitled if he had held the Common Stock issuable upon the exercise hereof immediately prior to such capital reorganization, reclassification of capital stock, consolidation, merger or sale, and, in any such case, appropriate provision shall be made with respect to the rights and interests of the holder of this Warrant to the end that the provisions thereof (including without limitation provisions for adjustment of the Warrant Exercise Price and of the number of shares purchasable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be in relation to any shares of stock, securities, or assets thereafter deliverable upon the exercise of the rights represented hereby. The Company shall not effect any such consolidation, merger or sale, unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger of the corporation purchasing such assets shall assume by written instrument executed and mailed or delivered to the registered holder hereof at the address of such holder appearing on the books of the Company, the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase.

SECTION 7. Notice of Adjustment of Warrant Exercise Price. Upon any adjustment of the Warrant Exercise Price, then the Company shall give notice thereof to the Holder of this Warrant, which notice shall state the Warrant Exercise Price in effect after such adjustment and the increase, or decrease, if any, in the number of Warrant Shares purchasable at the Warrant Exercise Price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

SECTION 8. Computation of Adjustments. Upon each computation of an adjustment in the Warrant Exercise Price and the number of shares which may be subscribed for and purchased upon exercise of this Warrant, the Warrant Exercise Price shall be computed to the nearest cent (i.e. fraction of .5 of a cent, or greater, shall be rounded to the next highest cent) and the number of shares which may be subscribed for and purchased upon exercise of this Warrant shall be calculated to the nearest whole share (i.e. fractions of less than one half of a share shall be disregarded and fractions of one half of a share, or greater, shall be treated as being a whole share). No such adjustment shall be made however, if the change in the Warrant Exercise Price would be less than \$.001 per share, but any such lesser adjustment shall be made (i) at the time and together with the next subsequent adjustment which, together with any adjustments carried forward, shall amount to \$.001 per share or more, or (ii) if earlier, upon the third anniversary of the event for which such adjustment is required.

SECTION 9. Net Issue Exercise. Notwithstanding any provisions herein to the contrary, if the Market Price of one share of Common Stock is greater than the Warrant Exercise Price at the date of exercise of the Warrant, in lieu of exercising the Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of the Warrant (or portion thereof being canceled) by surrender of the Warrant at the principal office of the Company together with the duly executed Notice of Exercise, in which event the Company shall issue to the Holder a number of shares of the Common Stock computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

WHERE X = the number of shares of Common Stock to be issued to the Holder;

Y = the number of shares of the Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, the number of shares underlying the Warrant to the extent exercised (at the date of such exercise);

A = the Market Price of one share of Common Stock (at the date of such calculation); and

B = Warrant Exercise Price (at the date of such calculation).

SECTION 10. No Change in Warrant Terms on Adjustment. Irrespective of any adjustment in the Warrant Exercise Price or the number of shares of Common Stock issuable upon exercise hereof, this Warrant, whether theretofore or thereafter issued or reissued, may continue to express the same price and number of shares as are stated herein and the Warrant Exercise Price and such number of shares specified herein shall be deemed to have been so adjusted.

SECTION 11. Taxes. The Company shall not be required to pay any tax or taxes attributable to the initial issuance of the Warrant Shares or any transfer involved in the issue or delivery of any certificates for Warrant Shares in a name other than that of the registered holder hereof or upon any transfer of this Warrant.

SECTION 12. Warrant Holder Not Deemed a Shareholder. No holder, as such, of this Warrant shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance of record to the holder of this Warrant of the Warrant Shares which he is then entitled to receive upon the due exercise of this Warrant.

SECTION 13. No Limitation on Corporate Action. No provisions of this Warrant and no right or option granted or conferred hereunder shall in any way limit, affect or abridge the exercise by the Company of any of its corporate rights or powers to recapitalize, amend its Articles of Incorporation, reorganize, consolidate or merge with or into another corporation, or to transfer all or any part of its property or assets, or the exercise of any other of its corporate rights and powers.

SECTION 14. Transfer; Opinions of Counsel; Restrictive Legends. To the extent applicable, each certificate or other document evidencing any of the Warrant Shares shall be endorsed with the legends set forth below, and Holder covenants that, except to the extent such restrictions are waived by the Company, Holder shall not transfer the Warrant Shares without complying with the restrictions on transfer described in the legends endorsed thereon;

(a) The following legend under the Securities Act:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.”

(b) If required by the authorities of any state in connection with the issuance or sale of the Warrant Shares, the legend required by such state authority.

(c) The Company shall not be required (i) to transfer on its books either this Warrant or any Warrant Shares which shall have been transferred in violation of any of the provisions set forth in this Section 14, or (ii) to treat as owner of such Warrant Shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such Warrant Shares shall have been so transferred.

(d) Any legend endorsed on a certificate pursuant to subsection (a) or (b) of this Section 14 shall be removed (i) if the Warrant Shares represented by such certificate shall have been effectively registered under the Securities Act or otherwise lawfully sold in a public transaction, or (ii) if the holder of such Warrant Shares shall have provided the Company with an opinion from counsel, in form and substance reasonably acceptable to the Company and from attorneys reasonably acceptable to the Company, stating that a public sale, transfer or assignment of the Warrant or the Warrant Shares may be made without registration.

(e) Any legend endorsed on a certificate pursuant to subsection (b) of this Section 14 shall be removed if the Company receives an order of the appropriate state authority authorizing such removal or if the holder of the Warrant or the Warrant Shares provides the Company with an opinion of counsel, in form and substance reasonably acceptable to the Company and from attorneys reasonably acceptable to the Company, stating that such state legend may be removed.

(f) Without in any way limiting the representations set forth above, Holder further agrees not to make any disposition of all or any portion of the Warrant at any time other than to an affiliate of the Holder; provided, however, that such affiliate transferee agrees in writing to be subject to the terms of this Section 14. In addition, the Holder agrees not to make any disposition of all or any portion of the Warrant Shares unless:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, (A) Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of the Warrant or any Warrant Shares under the Securities Act and (B) the transferee shall have furnished to the Company its agreement to abide by the restrictions on transfer set forth herein as if it were a purchaser hereunder.

(g) Notwithstanding the other provisions of this Section 14, no such registration statement or opinion of counsel shall be required for any transfer by a Holder, (i) if it is a partnership or a corporation, to a partner or pro rata to its equity holder(s) of such Holder (or a third party duly authorized to act on behalf of such Holder or its partners or equity holders), or (ii) if he or she is an individual, to members of such individual's family for estate planning purposes; provided, however, that the transferee agrees in writing to be subject to the terms of this Section 14.

(h) Upon delivery of the foregoing opinion of counsel (with respect to a transfer of the Warrant Shares) and the surrender of this Warrant to the Company at its principal office, together with (i) the assignment form annexed hereto as Exhibit B (the "**Assignment Form**") duly executed and (ii) funds sufficient to pay any transfer tax, the Company shall, if it determines such transfer is permitted by the terms of this Warrant, without additional charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be cancelled.

SECTION 15. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on such terms as to indemnity or otherwise as it may in its discretion impose (except in the event of loss, theft, mutilation or destruction while this Warrant is in possession of the Company's Escrow Agent, in which events the Company shall be solely responsible) (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

SECTION 16. Representation of Holder. The Holder, by the acceptance hereof, represents that it is acquiring this Warrant, and the Warrant Shares, for its own account, for investment purposes, and not with a present view either to sell, distribute, or transfer, or to offer for sale, distribution, or transfer, any of the Warrant or the Warrant Shares, or any other securities issuable upon the exercise thereof.

SECTION 17. Restricted Securities. The Holder understands that the Warrant and the Warrant Shares issuable upon exercise of the Warrant, will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Warrant is exempt pursuant to Section 4(2) of the Securities Act based on the representations of the Holder set forth herein. The Warrant Holder represents that it is experienced in evaluating companies such as the Company, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to suffer the total loss of the investment. The Holder further represents that it has had the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the Warrant, the business of the Company, and to obtain additional information to such Holder's satisfaction. The Holder represents that it is an "Accredited Investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

SECTION 18. Notices. All Notices, requests and other communications that the Holder or the Company is required or elects to give hereunder shall be in writing and shall be deemed to have been given (a) upon personal delivery thereof, including by appropriate courier service, five (5) days after delivery to the courier or, if earlier, upon delivery against a signed receipt therefore or (b) upon transmission by facsimile or telecopier, which transmission is confirmed, in either case addressed to the party to be notified at the address set forth below or at such other address as such party shall have notified the other parties hereto, by notice given in conformity with this Section 18.

If to the Company:  
MiMedx Group, Inc.  
811 Livingston Ct. SE, Suite B  
Marietta, GA 30067  
Attention: General Counsel  
Facsimile: (678) 384-6741

If to the Holder:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile: \_\_\_\_\_

SECTION 19. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party or holder hereof against which enforcement of such change, waiver, discharge or termination is sought. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 20. Date. The Issuance Date of this Warrant is the date shown on the first page above on the face hereof. This Warrant, in all events, shall be wholly void and of no effect after 5:00 p.m. (Eastern Time) on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 14 shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

SECTION 21. Severability. If any provision of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way and shall be construed in accordance with the purposes and tenor and effect of this Warrant.

SECTION 22. Governing Law. This Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, without reference to its conflicts of law principles.

[Signatures Contained on the Following Page]

IN WITNESS WHEREOF, the Company has executed this Warrant as of the Issuance Date.

MiMedx Group, Inc.

By: \_\_\_\_\_  
Name: Michael J. Senken  
Title: Chief Financial Officer

Acknowledged and Agreed:  
HOLDER:

\_\_\_\_\_  
Name:  
Title (if applicable):

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**EXHIBIT A TO**  
**WARRANT**  
**SUBSCRIPTION NOTICE**  
*TO BE EXECUTED BY THE REGISTERED HOLDER IF SUCH REGISTERED HOLDER  
DESIRES TO EXERCISE THIS WARRANT*

The undersigned hereby exercises the right to purchase Warrant Shares covered by this Warrant according to the conditions thereof and herewith [makes payment of \$\_\_\_\_\_, the aggregate Warrant Exercise Price of such Warrant Shares in full] [tenders solely this Warrant, or applicable portion hereof, in full satisfaction of the Warrant Exercise Price upon the terms and conditions set forth herein.]

INSTRUCTIONS FOR REGISTRATION OF STOCK

Name \_\_\_\_\_

(Please typewrite or print in block letters)

Address \_\_\_\_\_

**Holder Name:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[Net] Number of Warrant Shares Being  
Purchased \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

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**EXHIBIT B TO**  
**WARRANT**  
**ASSIGNMENT FORM**

FOR VALUE RECEIVED, \_\_\_\_\_ hereby

sells, assigns and transfers unto

Name \_\_\_\_\_

(Please typewrite or print in block letters)

Address \_\_\_\_\_

the right to purchase Common Stock represented by this Warrant to the extent of shares as to which such right is exercisable and does hereby irrevocably constitute and appoint Attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Date \_\_\_\_\_, 20\_\_

Signature \_\_\_\_\_

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## **Exhibit F**

### Form of Registration Rights Agreement

#### **REGISTRATION RIGHTS AGREEMENT**

This Registration Rights Agreement (the "Agreement") made effective as of March 31, 2011 is entered into by and among MiMedx Group, Inc., a Florida corporation (the "Company"), and Parker H. Petit ("Lender").

WHEREAS, the Company has issued to Lender that certain 5% Convertible Senior Secured Promissory Note of even date herewith (the "Note"), in connection with which the Company wishes to grant certain registration rights to the Lender;

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto covenant and agree as follows:

**Section 1. Certain Definitions.** As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" means any Person that directly or indirectly is controlled by or is under common control with the Lender.

"Articles of Incorporation" means the Company's Articles of Incorporation in effect on the date hereof and as amended, modified or restated from time to time.

"Blue Sky Application" has the meaning ascribed to such term in Section 4(a) hereof.

"Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act and the Exchange Act.

"Common Stock" means the common stock of the Company and any other securities into which or for which any of the common stock of the Company may be converted or exchanged pursuant to a stock split, stock dividend, plan of recapitalization, reorganization, merger, consolidation, sale of assets or other similar transaction.

"Exchange Act" means the Securities Exchange Act of 1934, or any similar or successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Forms S-1 and S-3" means Forms S-1 and S-3, as the case may be, promulgated under the Securities Act and as in effect on the date hereof or any similar or successor forms promulgated under the Securities Act or adopted by the Commission.

"Offering" has the meaning ascribed to such term in the Preamble hereto.

"Person" means an individual, corporation, limited liability company, partnership, joint venture, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

"Registrable Shares" means the Common Stock issuable to the Lender upon (a) a Voluntary Conversion (as defined in the Note) or (b) the exercise of any warrant issued in connection with the Note.

"Registration Expenses" has the meaning ascribed to such term in Section 7 hereof.

“Rule 144” means Rule 144 promulgated under the Securities Act or any similar or successor rule, as the same shall be in effect from time to time.

“Rule 145” means Rule 145 promulgated under the Securities Act or any similar or successor rule, as the same shall be in effect from time to time.

“Securities Act” means the Securities Act of 1933, or any similar or successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

“Selling Expenses” has the meaning ascribed to such term in Section 7 hereof.

**Section 2. “Piggy-Back” Registrations.**

(a) If the Company at any time after, and no earlier than, the occurrence of a Voluntary Conversion (as defined in the Note) at a time when its equity securities are registered under Section 12 of the Exchange Act, proposes to register under the Securities Act any of its securities, whether for its own account or for the account of other security holders or both (except with respect to registration statements on Forms S-4, S-8 or any successor to such forms or another form not available for registering the Registrable Shares for sale to the public or any registration statement including only securities issued pursuant to a dividend reinvestment plan), each such time it will promptly give written notice to all holders of Registrable Shares of its intention so to do. Upon the written request of any such holder, received by the Company within 20 days after the giving of any such notice by the Company, to register any or all of its Registrable Shares, the Company will use its commercially reasonable efforts to cause the Registrable Shares as to which registration shall have been so requested to be included in the securities to be covered by the registration statement proposed to be filed by the Company, all to the extent requisite to permit the sale or other disposition by the holder (in accordance with its written request) of such Registrable Shares so registered. The Company shall be obligated to include in such registration statement only such limited portion of Registrable Shares with respect to which such holder has requested inclusion hereunder.

(b) If the registration of which the Company gives notice as provided above is for a registered public offering involving an underwriting, the Company shall so advise the holders of Registrable Shares as a part of the written notice given pursuant to this Section 2. In such event the right of any holder of Registrable Shares to registration pursuant to this Section 2 shall be conditioned upon such holder’s participation in such underwriting to the extent provided herein. All holders of Registrable Shares proposing to distribute their securities through such underwriting shall (together with the shares of Common Stock to be registered by the Company and shares of Common Stock held by Persons who by virtue of agreements with the Company are entitled to include shares in such registration) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for underwriting by the Company. If any holder of Registrable Shares disapproves of the terms of any such underwriting, that holder may elect to withdraw therefrom by timely written notice to the Company and the underwriter. Any Registrable Shares or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(c) Notwithstanding any other provision of this Section 2, if the underwriter determines that marketing factors require a limitation on the number of shares to be underwritten or if the Commission imposes such a limitation, such limitation will be imposed pro rata with respect to all securities whose holders have a contractual, incidental (“Piggy-Back”) right to include such securities in the registration statement and as to which inclusion has been requested pursuant to such right, provided, however, that no such reduction shall reduce the number of securities held by holders of Registrable Shares proposing to distribute their securities through such underwriting if any securities are to be included in such underwriting for the account of any Person other than the Company or holders of Registrable Shares other than a holder exercising a demand or required registration right.

(d) Notwithstanding the foregoing provisions, the Company may withdraw any registration statement referred to in this Section 2 without thereby incurring any liability to the holders of Registrable Shares.

**Section 3. Expiration of Obligations.** The obligations of the Company to register Registrable Shares pursuant to Section 2 of this Agreement shall expire on the first to occur of (i) the date when the holder of such shares shall be able to sell its Registrable Shares under Rule 144, or (ii) when no Registrable Shares are outstanding.

**Section 4. Indemnification; Procedures; Contribution.**

(a) In the event that the Company registers any of the Registrable Shares under the Securities Act in accordance with this Agreement, the Company will, to the extent permitted by law, indemnify and hold harmless each holder and each underwriter of the Registrable Shares (including their officers, directors, affiliates and partners) so registered (including any broker or dealer through whom such shares may be sold) and each Person, if any, who controls such holder or any such underwriter within the meaning of Section 15 of the Securities Act from and against any and all losses, claims, damages, expenses or liabilities, joint or several, to which they or any of them become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse each such holder, each such underwriter and each such controlling Person, if any, for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement, any filing with any state or federal securities commission or agency or any prospectus, offering circular or other document created or approved by the Company incident to such registration (including any related notification, registration statement under which such Registrable Shares were registered under the Securities Act pursuant to Section 2 of this Agreement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof), (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Shares under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"), (iii) any omission or alleged omission to state in any such registration statement, prospectus, amendment or supplement or in any Blue Sky Application executed or filed by the Company, a material fact required to be stated therein or necessary to make the statements therein not misleading, (iv) any violation by the Company or its agents of the Securities Act or any rule or regulation promulgated under the Securities Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration, or (v) any failure to register or qualify the Registrable Shares in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company (the undertaking of any underwriter chosen by the Company being attributed to the Company) will undertake such registration or qualification (provided that in such instance the Company shall not be so liable if it has used its commercially reasonable efforts to so register or qualify the Registrable Shares) and will reimburse each such holder, and such officer, director and partner, each such underwriter and each such controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, promptly after being so incurred, provided, however, that the Company will not be liable in any such case (i) if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with written information furnished by any holder, any underwriter or any controlling Person in writing specifically for use in such registration statement or prospectus, or (ii) in the case of a sale directly by such holder of Registrable Shares (including a sale of such Registrable Shares through any underwriter retained by such holder of Registrable Shares to engage in a distribution solely on behalf of such holder of Registrable Shares), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus, and such holder of Registrable Shares failed to deliver a copy of the final or amended prospectus at or prior to the confirmation of the sale of Registrable Shares to the Person asserting any such loss, claim, damage or liability in any case where such delivery is required by the Securities Act or any state securities laws.

(b) In the event of a registration of any of the Registrable Shares under the Securities Act pursuant to Section 2 of this Agreement, each seller of such Registrable Shares thereunder, severally and not jointly, will indemnify and hold harmless the Company, each Person, if any, who controls the Company within the meaning of the Securities Act, each officer of the Company who signs the registration statement, each director of the Company, each other seller of Registrable Shares, each underwriter and each Person who controls any underwriter within the meaning of the Securities Act, against all losses, claims, damages or liabilities, joint or several, to which the Company or such officer, director, other seller, underwriter or controlling Person may become subject under the Securities Act or otherwise, solely insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any prospectus offering circular or other document incident to such registration (including any related notification, registration statement under which such Registrable Shares were registered under the Securities Act pursuant to Section 2, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof), or any Blue Sky Application or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and each such officer, director, other seller, underwriter and controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, promptly after being so incurred, provided, however, that such seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information pertaining to such seller, as such, furnished in writing to the Company by such seller specifically for use in such registration statement or prospectus; and provided, further, that the liability of each seller hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense which is equal to the proportion that the public offering price of all securities sold by such seller under such registration statement bears to the total public offering price of all securities sold thereunder, but not in any event to exceed the net proceeds received by such seller from the sale of Registrable Shares covered by such registration statement. Not in limitation of the foregoing, it is understood and agreed that, except as set forth in Section 4(e), the indemnification obligations of any seller hereunder pursuant to any underwriting agreement entered into in connection herewith shall be limited to the obligations contained in this subparagraph (b).

(c) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to such indemnified party other than under this Section 4 and shall only relieve it from any liability which it may have to such indemnified party under this Section 4 if and to the extent the indemnifying party is prejudiced by such omission. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 4 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected, provided, however, that, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or that the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select one separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. No indemnifying party, in the defense of any such claim or action, shall, except with the consent of each indemnified party, which consent shall not be unreasonably withheld or delayed, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or action, and the indemnification agreements contained in Sections 6(a) and 6(b) shall not apply to any settlement entered into in violation of this sentence. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any holder of Registrable Shares exercising rights under this Agreement, or any controlling Person of any such holder, makes a claim for indemnification pursuant to this Section 4 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 4 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any such selling holder or any such controlling Person in circumstances for which indemnification is provided under this Section 4, then, and in each such case, the Company and such holder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that such holder is responsible for the portion represented by the percentage that the public offering price of its Registrable Shares offered by the registration statement bears to the public offering price of all securities offered by such registration statement, and the Company is responsible for the remaining portion, provided, however, that, in any such case, (A) no such holder of Registrable Shares will be required to contribute any amount in excess of the proceeds received from the sale of all such Registrable Shares offered by it pursuant to such registration statement and (B) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The indemnities and obligations provided in this Section 4 shall survive the completion of any offering of Registrable Shares and the transfer of any Registrable Shares by such holder.

**Section 5. Exchange Act Registration and Rule 144 Reporting.** With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Registrable Shares to the public without registration, except as provided in paragraph (iii) below, at all times after 180 days after (i) any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, or (ii) the Company's equity securities shall have been registered pursuant to Section 12 of the Exchange Act, the Company agrees that it will use its commercially reasonable efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the date the Company becomes subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;

(c) Take such action, including the voluntary registration of its Common Stock under Section 12 of the Exchange Act, as is necessary to enable the holders of Registrable Shares to utilize Form S-3 for the sale of their Registrable Shares, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(d) Furnish to each holder of Registrable Shares forthwith upon request (A) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and, at any time after it has become subject to such reporting requirements, of the Securities Act and the Exchange Act, or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies), (B) a copy of the most recent annual or quarterly report of the Company and (C) such other information, reports and documents so filed by the Company as such holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such holder to sell any Registrable Shares without registration; and

(e) Make available to the Lender the same services with regard to customary Rule 144 legal opinions as it provides to its affiliates.

**Section 6. Registration Procedures.**

(a) If and whenever the Company is required by the provisions of Section 2 of this Agreement to use its commercially reasonable efforts to effect the registration of any Registrable Shares under the Securities Act, the Company will, as expeditiously as possible:

(i) Prepare and file with the Commission a registration statement with respect to such securities including executing an undertaking to file post-effective amendments and use its commercially reasonable efforts to cause such registration statement to become and remain effective for the period of the distribution contemplated thereby;

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period specified herein and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares covered by such registration statement in accordance with the sellers' intended method of disposition set forth in such registration statement for such period;

(iii) Furnish to each seller of Registrable Shares and to each underwriter such number of copies of the registration statement and each such amendment and supplement thereto (in each case including all exhibits) and the prospectus included therein (including each preliminary prospectus) as such Persons reasonably may request in order to facilitate the public sale or other disposition of the Registrable Shares covered by such registration statement;

(iv) Use its commercially reasonable efforts to register or qualify the Registrable Shares covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as the sellers of Registrable Shares or, in the case of an underwritten public offering, the managing underwriter reasonably shall request, provided that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction, unless the Company is already subject to service in such jurisdiction;

(v) Use its commercially reasonable efforts to list the Registrable Shares covered by such registration statement with any securities exchange or quotation system on which the Common Stock of the Company is then listed;

(vi) Use its commercially reasonable efforts to comply with all applicable rules and regulations under the Securities Act and Exchange Act;



(vii) Immediately notify each seller of Registrable Shares and each underwriter under such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare and furnish to such seller a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(viii) If the offering is underwritten and at the request of any seller of Registrable Shares, furnish on the date that Registrable Shares are delivered to the underwriters for sale pursuant to such registration (i) an opinion, in customary form and dated the effective date of the registration statement, of counsel representing the Company for the purposes of such registration, addressed to the underwriters to such effect as reasonably may be requested by counsel for the underwriters and copies of such opinion addressed to the sellers of Registrable Shares and (ii) a letter dated such date from the independent public accountants retained by the Company, addressed to the underwriters stating that they are independent public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements of the Company included in the registration statement or the prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five business days prior to the date of such letter) with respect to such registration as such underwriters reasonably may request;

(ix) Upon reasonable notice and at reasonable times during normal business hours, make available for inspection by each seller of Registrable Shares, any underwriter participating in any distribution pursuant to such registration statement, and any attorney, accountant or other agent retained by such seller or underwriter, reasonable access to all financial and other records, pertinent corporate documents and properties of the Company, as such parties may reasonably request, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(x) Cooperate with the selling holders of Registrable Shares and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Shares to be sold, such certificates to be in such denominations and registered in such names as such holders or the managing underwriter may request at least two business days prior to any sale of Registrable Shares; and

(xi) Permit any holder of Registrable Shares which holder, in the sole and exclusive judgment, exercised in good faith, of such holder, might be deemed to be a controlling Person of the Company, to participate in good faith in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such holder and its counsel should be included.

(b) For purposes of this Agreement, the period of distribution of Registrable Shares in a firm commitment underwritten public offering shall be deemed to extend until each underwriter has completed the distribution of all securities purchased by it, and the period of distribution of Registrable Shares in any other registration shall be deemed to extend until the earlier of the sale of all Registrable Shares covered thereby or 180 days after the effective date thereof, provided, however, in the case of any registration of Registrable Shares on Form S-3 or a comparable or successor form which are intended to be offered on a continuous or delayed basis, such 180 day-period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Shares are sold, provided that Rule 415, or any successor or similar rule promulgated under the Securities Act, permits the offering to be conducted on a continuous or delayed basis, and provided further that applicable rules under the Securities Act governing the obligation to file a post-effective amendment, permit, in lieu of filing a post-effective amendment which (y) includes any prospectus required by Section 10(a)(3) of the Securities Act or (z) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (y) and (z) above contained in periodic reports filed pursuant to Section 13 or 15(d) of the Exchange Act in the registration statement.

(c) Whenever under the preceding Sections of this Agreement the holders of Registrable Shares are registering such shares pursuant to any registration statement, each such holder agrees to (i) timely provide in writing to the Company, at its request, such information and materials as the Company may reasonably request in order to effect the registration of such Registrable Shares in compliance with federal and applicable state securities laws, and (ii) provide the Company with appropriate representations with respect to the accuracy of such information provided by such Sellers pursuant to subsection (i).

**Section 7. Expenses.** In the case of any registration statement under Section 2 of this Agreement, the Company shall bear all costs and expenses of each such registration, including, but not limited to, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees and expenses (including counsel fees) incurred in connection with complying with state securities or “blue sky” laws, fees of the National Association of Securities Dealers, Inc. (as any successor thereto), transfer taxes, fees of transfer agents and registrars, costs of any insurance which might be obtained by the Company with respect to the offering by the Company and the reasonable fees and disbursements of one counsel selected by a majority in interest of the sellers of Registrable Shares (collectively, “Registration Expenses”). The Company shall have no obligation to pay or otherwise bear any portion of the underwriters’ commissions or discounts attributable to the Registrable Shares (“Selling Expenses”). All Selling Expenses in connection with each registration statement under Section 2 of this Agreement shall be borne by the participating sellers (including the Company, where applicable) in proportion to the number of shares registered by each, or by such participating sellers other than the Company (to the extent the Company shall be a seller) as they may agree.

**Section 8. Delay of Registration.** For a period not to exceed 180 days, the Company shall not be obligated to prepare and file, or be prevented from delaying or abandoning, a registration statement pursuant to this Agreement at any time when the Company furnishes to holders of Registrable Shares that have requested to have such Registrable Shares included in a registration statement covered by the terms of this Agreement a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company the filing thereof at the time requested, or the offering of Registrable Shares pursuant thereto, would be seriously detrimental to the Company or its stockholders, or materially and adversely affect (a) a pending or scheduled public offering of the Company’s securities, (b) an acquisition, merger, recapitalization, consolidation, reorganization or similar transaction by or of the Company, (c) pre-existing and continuing negotiations, discussions or pending proposals with respect to any of the foregoing transactions, or (d) the financial condition of the Company in view of the disclosure of any pending or threatened litigation, claim, assessment or governmental investigation which may be required thereby, and that the failure to disclose any material information with respect to the foregoing would cause a violation of the Securities Act or the Exchange Act.

**Section 9. Conditions to Registration Obligations.** The Company shall not be obligated to effect the registration of Registrable Shares pursuant to Section 2 of this Agreement unless all holders of shares being registered consent to reasonable conditions imposed by the Company as the Company shall determine with the advice of counsel to be required by law including, without limitation:

(a) Conditions prohibiting the sale of shares by such holders until the registration shall have been effective for a specified period of time;

(b) Conditions requiring such holder to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and similar provisions of Section 10 of the Exchange Act and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(c) Conditions prohibiting such holders upon receipt of telegraphic or written notice from the Company (until further notice) from effecting sales of shares, such notice being given to permit the Company to correct or update a registration statement or prospectus;

(d) Conditions requiring that at the end of the period during which the Company is obligated to keep the registration statement effective, the holders of shares included in the registration statement shall discontinue sales of shares pursuant to such registration statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such registration statement that remain unsold, and requiring such holders to notify the Company of the number of shares registered that remain unsold immediately upon receipt of notice from the Company; and

(e) Conditions requiring the holders of Registrable Shares to enter into an underwriting agreement in form and substance reasonably satisfactory to the Company and the holders of Registrable Shares.

**Section 10. Miscellaneous.**

(a) No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) Except as hereinafter provided, amendments or additions to this Agreement may be made, this Agreement may be terminated, and compliance with any covenant or provision set forth herein may be omitted or waived, only with the written consent of the Company and the holder or holders of at least a majority in interest of the Registrable Shares; provided, however, that any modification or amendment that affects any such holder in a manner different from the effect on the other holders of Registrable Shares shall require the affirmative approval of such holder. Any waiver or consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, this Agreement may be amended to add new parties and/or Registrable Shares the Company consents thereto and any new party executes and delivers to the Company a copy of the signature page hereto.

(c) All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered or certified mail, return receipt requested, postage prepaid:

If to the Company to:

MiMedx Group, Inc.  
811 Livingston Court, SE, Suite B  
Marietta, Georgia 30067  
Attn: General Counsel  
Fax No: (678) 384-6741

If to the Lender to:

The address of the Lender as set forth in the records of the Company

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the fifth business day following the day such mailing is made.

(d) This Agreement constitutes the entire agreement between the parties and supersedes any prior understandings or agreements concerning the subject matter hereof.

(e) In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Agreement shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Agreement shall nevertheless remain in full force and effect.

(f) The parties hereto acknowledge and agree that (i) each party and its counsel, if so represented, reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision and (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(g) All statements, representations, warranties, covenants and agreements in this Agreement shall be binding on the parties hereto and shall inure to the benefit of the respective successors and permitted assigns of each party hereto.

(h) This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of Florida without giving effect to the conflict of law principles thereof.

(i) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of Florida or of the United States of America for the District of Florida. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each of the parties hereto irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to the party at its address set forth in Section 10(c) hereof.

(j) In the event of any change in the Common Stock or other securities covered hereunder, by way of a stock split, stock dividend, combination or redemption, or through merger, consolidation, reorganization or otherwise, appropriate adjustment shall be made in the provisions hereof, including, without limitation, an equitable adjustment of to the number of Registrable Shares. For purposes of determining the number of shares held by the Lender, all shares held by any Affiliate of the Lender shall be deemed to be held by the Lender.

(k) No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing among the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(l) The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(m) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterparts.

*[Signatures contained on the following pages]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Registration Rights Agreement or caused this Registration Rights Agreement to be executed by their duly authorized representatives as of the date first above written.

**COMPANY:**

**MiMedx Group, Inc.**

By: \_\_\_\_\_

Name:

Title:

**LENDER:**

\_\_\_\_\_  
Parker H. Petit

MiMedx Group, Inc.  
List of Subsidiaries

MiMedx, Inc.	100% owned by MiMedx Group, Inc.
SpineMedica, LLC	100% owned by MiMedx, Inc.
MP Holdings Acquisition Sub, LLC	100% owned by MiMedx Group, Inc.
ORCI Acquisition Sub, LLC	100% owned by MiMedx Group, Inc.
Surgical Biologics, LLC	71% owned by ORCI Acquisition Sub, LLC and 29% owned by MP Holdings Acquisition Sub, LLC

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-153255) of our report dated, March 31, 2011, with respect to the consolidated financial statements of MiMedx Group, Inc. included in this Annual Report on Form 10-K for the year ended December 31, 2010.

/s/ Cherry, Bekaert & Holland, L.L.P  
Cherry, Bekaert & Holland, L.L.P.

Atlanta, GA  
March 31, 2011



## Section 302 Certification

I, Parker H. Petit, certify that:

1. I have reviewed this annual report on Form 10-K of MiMedx Group, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared,
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation, and
  - (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2011

/s/ Parker H. Petit

Parker H. Petit  
Chief Executive Officer

## Section 302 Certification

I, Michael J. Senken, certify that:

1. I have reviewed this annual report on Form 10-K of MiMedx Group, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared,
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation, and
  - (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2011

/s/ Michael J. Senken

Michael J. Senken  
Chief Financial Officer

## Section 906 Certification

The undersigned Parker H. Petit, the Chief Executive Officer of MiMedx Group, Inc. (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ending December 31, 2010 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2011

/s/ Parker H. Petit

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Parker H. Petit

Chief Executive Officer

A signed original of the written statement required by Section 906 has been provided to MiMedx Group, Inc. and will be retained by MiMedx Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

## Section 906 Certification

The undersigned Michael J. Senken, the Chief Financial Officer of MiMedx Group, Inc. (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ending December 31, 2010 (the "Report"). The undersigned hereby certifies, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2011

/s/ Michael J. Senken

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Michael J. Senken

Chief Financial Officer

A signed original of the written statement required by Section 906 has been provided to MiMedx Group, Inc. and will be retained by MiMedx Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.