



August 2009

Dear MiMedx Group Shareholder,

This is my first annual report to our shareholders. Although I have been your Chairman, President and CEO for only the past six months, I believe I have gained an excellent grasp of our assets and how to exploit those assets to optimize shareholder value in the years ahead. Of course, while I have very high expectations for our innovative medical technologies, these technologies have never been sold in large quantity or utilized broadly. Additionally, regulatory clearances or, in some cases, approvals are still needed to bring many of our product ideas to market. Therefore, it is difficult to assess how rapidly our revenues will grow.

I am bringing my thirty-nine years of experience in healthcare to insure that the MiMedx Group remains focused and makes appropriate strategic decisions. I am a shareholder myself, with significant invested capital in the Company. I am also very committed to seeing that our management and employees are adequately rewarded for their commitment and talent.

Incidentally, if you are not familiar with my healthcare business experience, please go to www.thepetitgroup.com and click on the "video". I set up this website over a year ago to assist with the management of my family's investments. Some of the information was there in order to expedite my ability to connect with CEO's and CFO's of companies in which we had investments.

First, let me cover some of the progress that we have made in the last six months. I believe we have retained the key members of the management team that are required to build MiMedx Group. We have added some people from my former organization as consultants. We have established the discipline of financial reporting and forecasting by setting up a new system that parallels the systems I used for decades with my prior public companies. We have initiated and fine-tuned other key financial and operational processes. We have established production processes for our Vaso Shield™ product line and continue to develop production processes for our collagen fiber product line. We have established the systems necessary to enable "order entry" all the way through to the point where our cash is collected and deposited in our bank accounts. We have established reasonable and effective human resources processes. We have strengthened our balance sheet by raising new capital and compromising some payables. In short, I believe the Company is ready to step into an operating environment and become a revenue-producing organization that will produce positive cash flow and profits. I can assure you that I will use all of my business expertise to see that happens sooner rather than later!

Relative to the value of our intellectual property, I would make the following comments. We have a very competent scientific and technical staff who understands our technology extremely well. We also have keen insight into our markets, in that we have very knowledgeable physicians on our Medical Advisory Boards. I can assure you that we have some very exciting technology that has the potential for revolutionizing the way certain medical procedures in the orthopedic field are performed. Our technology has the potential to change these procedures in a way that makes them more clinically effective as well as cost effective. That is the key to any new technology in healthcare, particularly in today's challenging economic climate.

Our technology, products and product ideas are gaining credibility as some of the large orthopedic companies begin to reflect on what we have shown them. We have had inquiries about potential business relationships from a number of the larger organizations, and we will continue to explore effective ways to foster future business relationships.

The enclosed video should give you better insight into our collagen fiber and hydrogel product lines. In it, you will hear from both Dr. Tom Koob, our Chief Scientific Officer and developer of our collagen fiber, and Dr. Rebeccah Brown, the General Manager of our hydrogel product line, Vaso Shield™. In addition, you will hear from Dr. Jim Andrews and Dr. Lonnie Paulos of the Andrews Institute. Dr. Andrews is the founder of the Andrews Institute and is one of the most respected sports medicine physicians in this country. Both he and Dr. Paulos are members of our Sports Medicine Medical Advisory Board, and are working with us in developing the numerous uses for our collagen fiber and our hydrogel technology.

Our Board of Directors has made the decision to divest our Level Orthopedics division. We attempted to find a few additional products that would allow us to build a separate subsidiary in the extremities area; however, that effort failed.

We located a viable partner, but the metrics on the transaction changed, and we decided it was best to divest the Level Orthopedics intellectual property and focus all of our efforts on our other core technologies. We hope to report a successful outcome on those divestiture initiatives in the near future.

I ask you to be patient with our progress. Moving products through the U.S. Food & Drug Administration ("FDA") clearance and approval processes into the market can be time consuming. Through my experience in shepherding at least 100 products through those processes over the years, I can tell you it is never easy. Any company must prepare very carefully for these processes from a clinical, regulatory and business standpoint. I believe MiMedx Group has done that at this point.

Also, once we obtain regulatory clearances or approvals for our various products, having the right distribution is absolutely critical. While I am very experienced at building sales organizations and distribution outlets in the healthcare area, I can attest to the fact those efforts can be time consuming and troublesome. The good news is that there are a number of different opportunities that we can explore, including building our own direct sales force, building an independent rep sales force, developing distribution relationships with larger orthopedic organizations, or licensing our technology. Of course, there are various combinations of those opportunities.

Relative to the current value of our common stock and MiMedx Group's market capitalization, let me give you some assurances that I have built good shareholder value in all my previous organizations. Although, for the reasons stated above, it may take time, I believe I can do the same for MiMedx Group.

Certainly, we are not through the risks associated with the need to raise substantial additional capital. Our detailed cash flow estimates indicate that the Company will need at least another \$9 million to continue as a going concern and exploit our existing and currently contemplated product lines. That estimate is based on certain assumptions relative to the growth in revenues for our Vaso Shield™, which already has FDA clearance, indicated for use as a cover for vessels following anterior vertebral surgery, and the clearance processes for our first collagen fiber products and the timing of the introduction of those products into the market. If any of our assumptions prove to be invalid, then the Company may very well need additional capital.

Raising capital today can be very difficult, but Steve Gorlin, the Company's founder, and I have been successful recently in raising capital to meet our needs over the last few months. We both have long track records in being able to raise sufficient capital for our organizations. Therefore, I am hopeful that we will be able to raise the necessary funds for our future growth as required. We will keep you informed as to our progress. Incidentally, Steve and I have never run any of our companies out of cash!

I appreciate your financial commitments and the confidence in management that your existing investments represent. I would like to encourage you to consider making additional investments in the Company as the Company hits certain milestones and makes demonstrable progress. Things to consider as real progress will be the generation of our first revenues from our Vaso Shield™ product, the certification of our Vaso Shield™ product for sale in Europe, the filing of our 510-K clearance documents with the FDA for the first of our collagen fiber products, and the generation of our first revenues from our collagen fiber products.

We will communicate with you as we have significant developments. I appreciate your confidence in MiMedx Group and our management. I look forward to reporting on our progress.

Sincerely yours,



"Pete" Petit
Chairman, President, and CEO

Important Note regarding forward-looking statements and risk factors: *This letter includes statements that look forward in time or that express management's beliefs, expectations or hopes. Those statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements include those regarding the Company's readiness to produce revenues, the clinical and cost effectiveness of the Company's products and the potential that the Company's products will change the way certain orthopedic procedures are performed, the potential that shareholder value will increase, anticipated funding requirements and the Company's ability to raise necessary additional funding. These future events may not occur as and when expected, if at all, and, together with the Company's business, are subject to various risks and uncertainties. These risks and uncertainties include that the Company currently requires substantial additional capital to continue as a going concern and achieve its goals and such capital may be difficult or impossible to obtain, the Company may not receive regulatory clearance or approvals for all of the currently contemplated potential uses of its biomaterials and hydrogel sheet products, the requisite clearance and approval processes may be more costly and time consuming than the Company currently anticipates and, in some cases, may prove too costly or time consuming to continue to pursue, physicians may not accept the Company's products, and competitive pressures may adversely affect the Company's ability to obtain revenues. The risks and uncertainties also include the risk factors detailed in our Securities and Exchange Commission filings, including our Form 10-K filing for the year ended March 31, 2009, our most recent Form 10-Q, and the Company's other SEC filings. The Company does not undertake to update its forward-looking statements.*