

As filed with the Securities and Exchange Commission on November 21, 1997

Registration No. 333-31991

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM SB-2
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

ROCKWELL MEDICAL TECHNOLOGIES, INC.
(Name of small business issuer in its charter)

Michigan
(State or other jurisdiction of
incorporation or organization)

3845
(Primary Standard Industrial
Classification Code Number)

38-3317208
(I.R.S. Employer Identification No.)

28025 Oakland Oaks Drive
Wixom, Michigan 48393
Telephone: (248) 449-3353
(Address and telephone number of principal executive offices)

28025 Oakland Oaks Drive
Wixom, Michigan 48393
(Address of principal place of business or intended principal place of business)

ROBERT L. CHIOINI
President and Chief Executive Officer
Rockwell Medical Technologies, Inc.
28025 Oakland Oaks Drive
Wixom, Michigan 48393
Telephone: (248) 449-3353
(Name, address and telephone number of agent for service)

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APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement is declared effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [] _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [] _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [] _____

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SECURITY(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)
Common Shares.....	2,070,000(2)	\$4.00	\$8,280,000
Warrants.....	3,105,000(2)	\$.10	\$310,500
Common Shares issuable upon exercise of Warrants.....	3,105,000(3)	\$4.50	\$13,972,500
Underwriter Warrants to purchase Common Shares and Warrants.....	180,000(3) 270,000	\$.000022	\$10.00
Common Shares issuable upon exercise of Underwriter Warrants.....	180,000(3)	\$6.60	\$1,188,000
Warrants to purchase Common Shares issuable upon exercise of Underwriter Warrant.....	270,000	\$.165	\$44,550
Common Shares issuable upon exercise of Warrants.....	270,000(3)	\$4.50	\$215,000
Total Registration Fee.....			

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT OF REGISTRATION FEE
Common Shares.....	\$2,508.84
Warrants.....	\$94.10
Common Shares issuable upon exercise of Warrants.....	\$4,233.67
Underwriter Warrants to purchase Common Shares and Warrants.....	(4)
Common Shares issuable upon exercise of Underwriter Warrants.....	\$359.96
Warrants to purchase Common Shares issuable upon exercise of Underwriter Warrant.....	\$13.50
Common Shares issuable upon exercise of Warrants.....	\$368.15
Total Registration Fee.....	\$7,578.22(5)

(1) Estimated solely for the purpose of calculating the registration fee, based on a bona fide estimate of the maximum public offering price pursuant to Rule 457(a) promulgated under the Securities Act of 1933.

(2) Includes 270,000 Common Shares and 405,000 Warrants which may be purchased by the Underwriters to cover over-allotments, if any.

(3) Pursuant to Rule 416, there are also being registered such indeterminate number of additional shares as may become issuable pursuant to the anti-dilution provisions of the Warrants and the Underwriter Warrants (and the Warrants included therein).

(4) Pursuant to Rule 457(g) promulgated under the Securities Act of 1933, no filing fee is required.

(5) \$7,538.18 of the filing fee was paid upon the initial filing.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE

SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A),
MAY DETERMINE.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED NOVEMBER 21, 1997

PROSPECTUS

ROCKWELL MEDICAL TECHNOLOGIES, INC.

1,800,000 COMMON SHARES AND

2,700,000 COMMON SHARE PURCHASE WARRANTS.

Rockwell Medical Technologies, Inc. (the "Company") is hereby offering (the "Offering") 1,800,000 common shares, no par value per share (the "Common Shares"), and 2,700,000 Common Share Purchase Warrants (the "Warrants"), through Mason Hill & Co., Inc. the representative (the "Representative") of the underwriters of the Offering (the "Underwriters"). The Common Shares and the Warrants may be purchased separately and will be transferable separately upon issuance. Investors will not be required to purchase Common Shares and Warrants together or in any particular ratio.

Each of the Warrants entitles the registered holder thereof to purchase one Common Share at a price of \$4.50 per share at a time commencing one year from the effective date of the registration statement of which this Prospectus is a part (the "Effective Date") and for a period of three years thereafter. The Warrants are subject to redemption by the Company with the prior consent of the Representative, commencing on the first anniversary of the Effective Date at a price of \$.10 per Warrant, upon 30 days prior written notice mailed within 10 days provided the closing price of the Common Shares, as listed on The Nasdaq SmallCap Market ("Nasdaq") or another national securities exchange, for a period of 20 consecutive trading days has exceeded \$7.00 per share, regardless of the illiquidity of the market for the Company's Common Shares. See "Description of Securities." The Common Shares and Warrants offered hereby are collectively referred to as the "Securities."

Prior to this Offering, there has been no public market for the Common Shares or the Warrants, and there can be no assurance that any such market for the Common Shares or the Warrants will develop after the closing of the Offering, or that, if developed, it will be sustained. The offering price of the Common Shares and the exercise price and the other terms of the Warrants were established by negotiations between the Company and the Representative and do not necessarily bear any direct relationship to the Company's asset value, earnings, book value per share or other generally accepted criteria of value. See "Underwriting". It is expected that the initial public offering price will be \$4.00 per Common Share and \$.10 per Warrant.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK AND IMMEDIATE AND SUBSTANTIAL DILUTION TO THE PUBLIC. ONLY INVESTORS WHO CAN BEAR THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST. FOR A DESCRIPTION OF CERTAIN RISKS REGARDING AN INVESTMENT IN THE COMPANY AND IMMEDIATE SUBSTANTIAL DILUTION, SEE "RISK FACTORS" COMMENCING ON PAGE 8 AND "DILUTION" AT PAGE 18.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
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Per Common Share.....	\$	\$	\$
Per Warrant.....	\$	\$	\$
Total(3).....	\$	\$	\$

(footnotes appear on page 2)

MASON HILL & CO., INC.

J.W. BARCLAY & CO., INC.

The date of this Prospectus is _____, 1997

- (1) Does not include additional compensation to be received by the Underwriters consisting of (i) a non-accountable expense allowance payable to the Underwriters in the amount of \$224,100 (\$257,715 if the Over-Allotment Option (as defined below) is exercised in full), or \$0.12 per Common Share, (ii) any value attributable to warrants (the "Underwriters Warrants") entitling the Underwriters to purchase up to 180,000 Common Shares for a purchase price of \$6.60 per share (165% of the initial public offering price) and 270,000 Warrants for a purchase price of \$.165 per Warrant (165% of the initial public offering price), exercisable at any time during the period commencing one year from the Effective Date and expiring on the sixth anniversary of the Effective Date, and (iii) a management and financial advisory agreement with the Representative for 24 months commencing on the Effective Date for a fee of \$4,166 per month, or an aggregate of \$99,984, payable in its entirety at the closing of the Offering. In addition, the Company has (i) granted to the Representative, effective upon completion of this Offering, a right of first refusal for a period of three years after the Effective Date for any public or private offering of securities by the Company, its affiliates or any present or future subsidiaries to raise capital, and (ii) agreed to pay the Representative, under certain circumstances, a warrant solicitation fee of 5% of the exercise price of each Warrant exercised and to indemnify the Underwriters against certain civil liabilities, including those arising under the Securities Act of 1933, as amended (the "Securities Act"). See "Underwriting."
- (2) After deducting discounts and commissions payable to the Underwriters, but before deducting the expenses of this Offering payable by the Company, estimated at \$825,000 (approximately \$0.46 per Common Share), including the Underwriters' non-accountable expense allowance and the financial advisory fee. See "Underwriting."
- (3) The Company has granted the Underwriters an option, exercisable for a period of 45 days after the Effective Date, to purchase up to an additional 270,000 Common Shares and 405,000 Warrants, upon the same terms and conditions as the Common Shares and Warrants being offered by this Prospectus solely for the purpose of covering over-allotments, if any (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be \$ _____, \$ _____ and \$ _____, respectively. See "Underwriting."

The Securities are being offered by the Underwriters on a "firm commitment" basis, subject to prior sale, when, as and if delivered to the Underwriters and subject to certain conditions. Subject to the provisions of the underwriting agreement between the Underwriters and the Company, the Underwriters reserve the right to withdraw, cancel or modify the Offering and to reject any order in whole or in part. It is expected that delivery of certificates representing the Common Shares and the Warrants will be made against payment therefor at the offices of the Representative, 110 Wall Street, New York, New York 10005, on or about _____, 1997.

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON SHARES AND THE WARRANTS OFFERED HEREBY, INCLUDING PURCHASES OF THE COMMON SHARES OR THE WARRANTS TO STABILIZE THEIR MARKET PRICES, PURCHASES OF THE COMMON SHARES OR THE WARRANTS TO COVER SOME OR ALL OF A SHORT POSITION IN THE COMMON SHARES OR THE WARRANTS MAINTAINED BY THE UNDERWRITERS AND PENALTY BID TRANSACTIONS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

A SIGNIFICANT AMOUNT OF THE SECURITIES IN THIS OFFERING MAY BE SOLD TO CUSTOMERS OF THE UNDERWRITERS WHICH MAY AFFECT THE MARKET FOR AND LIQUIDITY OF THE COMPANY'S SECURITIES IN THE EVENT THAT ADDITIONAL BROKER-DEALERS DO NOT MAKE A MARKET IN THE COMPANY'S SECURITIES, OF WHICH THERE CAN BE NO ASSURANCE. SUCH CUSTOMERS SUBSEQUENTLY MAY ENGAGE IN TRANSACTIONS FOR THE SALE OR PURCHASE OF THE SECURITIES THROUGH AND/OR WITH THE UNDERWRITERS.

ALTHOUGH THEY HAVE NO OBLIGATION TO DO SO, THE UNDERWRITERS MAY FROM TIME TO TIME ACT AS MARKET MAKERS AND OTHERWISE EFFECT TRANSACTIONS IN THE COMPANY'S SECURITIES. THE UNDERWRITERS, IF THEY PARTICIPATE IN THE MARKET, MAY BECOME DOMINATING INFLUENCES IN THE MARKET FOR THE SECURITIES. HOWEVER, THERE IS NO ASSURANCE THAT THE UNDERWRITERS WILL OR WILL NOT CONTINUE TO BE A DOMINATING INFLUENCE. THE PRICES AND LIQUIDITY OF THE SECURITIES OFFERED HEREUNDER MAY BE SIGNIFICANTLY AFFECTED BY THE DEGREE, IF ANY, OF THE UNDERWRITERS' PARTICIPATION IN SUCH MARKET. THE UNDERWRITERS MAY DISCONTINUE SUCH ACTIVITIES AT ANY TIME OR FROM TIME TO TIME. SEE "RISK FACTORS -- ABSENCE OF PUBLIC MARKET; DETERMINATION OF OFFERING PRICE."

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form SB-2 under the Securities Act with respect to the securities offered hereby (the "Registration Statement"). This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits thereto as permitted by the Rules and Regulations of the Commission. For further information with respect to the Company and such securities, reference is made to the Registration Statement and to the exhibits filed therewith. Statements contained in this Prospectus as to the contents of any contracts or other documents referred to herein are not necessarily complete and where such contract or other document is an exhibit to the Registration Statement, each such statement is qualified in all respects by the provisions of such exhibit to which reference is made for a full statement of the provisions thereof. The Registration Statement, including exhibits filed therewith, may be inspected, without charge, at the principal office of the Commission located at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of all or any part of the Registration Statement (including the exhibits thereto) also may be obtained from the Public Reference Section of the Commission at the its principal office in Washington, D.C., at the Commission's prescribed rates. Electronic registration statements made through the Electronic Data Gathering Analysis and Retrieval system are publicly available through the Commission's web site at <http://www.sec.gov>.

Before the Effective Date, the Company was not obligated to file periodic reports with the Commission under Section 15(d) or 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends to furnish its shareholders and holders of the Warrants with annual reports containing audited financial statements and such other reports as the Company deems appropriate or as may be required by law. The Company does not intend to voluntarily file reports under the Exchange Act if it is not obligated to do so under applicable laws.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information, financial statements and related notes appearing elsewhere in this Prospectus. Each prospective investor is urged to read this Prospectus in its entirety and carefully consider the information set forth under the heading "Risk Factors." Unless the context requires otherwise, all references herein to the Company include Rockwell Medical Technologies, Inc., a Michigan corporation, and Rockwell Transportation, Inc., a Michigan corporation, a wholly-owned subsidiary of the Company. Except as otherwise stated, all information assumes no exercise of the Over-Allotment Option.

THE COMPANY

Rockwell Medical Technologies, Inc. manufactures hemodialysis concentrates and dialysis kits, and sells, distributes and delivers such concentrates and dialysis kits, as well as over 120 other hemodialysis products, to hemodialysis providers in the United States. Hemodialysis is a process which duplicates kidney function in patients whose kidneys have failed to function properly. Without properly functioning kidneys, the patient's body cannot rid itself of excess water and waste products nor regulate the amount of electrolytes in the patient's blood. Without hemodialysis, these patients would die.

Hemodialysis patients generally receive their treatment at hospitals or independent hemodialysis providers. According to the United States Department of Health and Human Services (the "DHHS"), since 1973 the total number of hemodialysis providers in the U.S. has more than quintupled from 606 in 1973 to over 3,082 in December 1996. Independent providers comprised 2,212 of such providers and hospitals comprised 746 of such providers. The Company currently supplies over 220 hemodialysis providers in 18 states across the United States. The number of patients receiving hemodialysis has also grown substantially in recent years. According to the DHHS, in 1985, there were approximately 68,390 patients receiving hemodialysis treatments in the United States. It is estimated by the DHHS that in 1996 over 216,000 patients received hemodialysis treatments. According to the DHHS, from 1985 to 1996, the number of hemodialysis stations, which are areas equipped to provide adequate and safe dialysis therapy, grew from 17,845 stations to 45,244 stations.

A hemodialysis station contains a dialysis machine that takes a concentrate solution and certain chemical powders and accurately dilutes them with purified water. The resulting solution, known as dialysate, is then pumped through a device known as an artificial kidney (dialyzer), while at the same time, the patient's blood is pumped through a membrane within the dialyzer. Excess water and chemicals from the patient's blood pass through the membrane and are carried away in the dialysate while certain chemicals in the dialysate pass through the membrane into the patient's blood to maintain proper chemical levels in the body. In addition to using concentrate solutions and chemical powders (which must be replaced for each use by each patient), a dialysis station also requires various other ancillary products such as dialysis on-off kits, sterile subclavian dressing change trays, arterial and venous blood tubing lines, fistula needles, intravenous administration sets, transducer protectors, dialyzers and over 120 other ancillary products, all of which the Company sells.

The Company's objective is to increase its market share in the expanding hemodialysis market and become profitable by (i) acting as a single source supplier to hemodialysis clinics by continuing to offer over 120 different products used by hemodialysis providers, (ii) increasing revenue by manufacturing and/or distributing new products which may offer the Company opportunities to earn higher profit margins than some of the Company's existing products (based on current selling prices in the marketplace and the Company's estimated costs to produce such products), and generating additional "back-haul" revenue from its trucking operations, and (iii) using its own delivery vehicles and drivers to deliver its products, thereby offering a high level of customer service to hemodialysis providers.

The Company is a Michigan corporation, incorporated on October 25, 1996. On February 19, 1997, the Company acquired substantially all of the assets of Rockwell Medical Supplies, LLC (the "Supply Company") and of Rockwell Transportation, LLC (the "Transportation Company") (collectively, the "Predecessor Company" or "Sellers") used in connection with the business of manufacturing hemodialysis

concentrates and dialysis kits and distributing and delivering these and other products to hemodialysis clinics. The Predecessor Company began operations in January 1996.

In connection with the acquisition of the business of the Predecessor Company, the Company issued 1,416,664 shares of non-voting Series A Preferred Stock, \$1.00 par value per share (the "Series A Preferred Stock"), to the Supply Company, which Series A Preferred Stock pays an 8.5% cumulative dividend. In accordance with the terms of the asset purchase agreement relating to the acquisition of the Predecessor Company's business, the parties agreed to reduce the purchase price paid for the Predecessor Company's business by \$320,749, which adjustment has been effected by the cancellation of 320,749 shares of Series A Preferred Stock. The Company has an obligation to redeem the Series A Preferred Stock on or before January 31, 1998 (the "Mandatory Redemption Date"). See "Certain Transactions -- Acquisition of Business of Predecessor Company" and Note 4 of Notes to Consolidated Financial Statements included in this Prospectus. The Company intends to use a portion of the net proceeds of the Offering to redeem the Series A Preferred Stock. See "Use of Proceeds."

The executive offices of the Company are located at 28025 Oakland Oaks, Wixom, Michigan 48393 (telephone number (248) 449-3353).

THE OFFERING

Securities Offered..... 1,800,000 Common Shares and 2,700,000 Warrants. The Common Shares and the Warrants (sometimes hereinafter collectively referred to as the "Securities") may be purchased separately and will be transferable separately upon issuance. Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$4.50, subject to adjustment in certain events. See "Description of Securities" and "Underwriting."

Offering Price..... \$4.00 per Common Share; \$.10 per Warrant.

Terms of Warrants:

Exercise price..... \$4.50 per share, subject to adjustment in certain events. See "Description of Securities -- Warrants."

Exercise period..... Any time during the period commencing one year after the Effective Date and ending on the fourth anniversary of the Effective Date.

Redemption..... Redeemable by the Company, with the prior written consent of the Underwriter, at a price of \$.10 per Warrant upon not less than 30 days prior written notice mailed within 10 days to the holders of the Warrants at any time commencing one year after the Effective Date, provided the closing bid price of the Common Shares had been greater than \$7.00 for 20 consecutive trading days ending on the third day prior to the date upon which the Company gives notice of redemption regardless of the illiquidity of the market for the Company's Common Shares. See "Description of Securities -- Warrants."

Common Shares Outstanding:

Prior to the Offering.... 3,015,000 Common Shares. (1)

After the Offering..... 4,938,750 Common Shares. (1)(2)

Use of Proceeds..... The net proceeds of the Offering will be used (i) to redeem 1,095,915 shares of Series A Preferred Stock for a total redemption price of approximately \$1,144,916 (assuming the redemption occurs on December 10, 1997), (ii) to purchase equipment, (iii) to pay approximately \$972,000 of accounts payable and accrued expenses, (iv) to repay

indebtedness of \$211,000, and (v) for working capital, including the financing of marketing and sales activities. See "Use of Proceeds."

Risk Factors..... Investment in the Securities offered hereby involves a high degree of risk and immediate substantial dilution to public investors. See "Risk Factors" and "Dilution."

Proposed Nasdaq SmallCap

Market Symbols:..... Common Shares -- RMTI; Warrants -- RMTIW. (3)

- - - - -

- (1) Does not include (i) 520,000 Common Shares reserved for issuance upon exercise of outstanding warrants (the "Bridge Warrants"), at an exercise price of \$4.50 per share, which Bridge Warrants are exercisable at any time commencing one year from the Effective Date and ending on the fourth anniversary of the Effective Date and will be automatically converted into warrants having terms identical to the Warrants offered hereby on the Effective Date, (ii) 450,000 Common Shares reserved for issuance under the Company's 1997 Stock Option Plan, under which options to acquire an aggregate of 295,000 Common Shares have been granted, and (iii) 123,750 Common Shares (the "Additional Shares") to be issued to investors in the First Prior Financing (as defined below). See "Management -- Compensation -- Compensation of Directors" and "Description of Securities -- Prior Financings."
- (2) Includes the 123,750 Additional Shares. See "Description of Securities -- Prior Financings." Does not include (i) 2,700,000 Common Shares reserved for issuance upon exercise of the Warrants, and (ii) 450,000 Common Shares reserved for issuance upon exercise of the Underwriter Warrants and upon exercise of the 270,000 underlying Warrants. See "Description of Securities" and "Underwriting."
- (3) The proposed Nasdaq trading symbols do not imply that a liquid and active market will be developed or sustained for the Common Shares and Warrants upon completion of the Offering.

SUMMARY COMBINED/CONSOLIDATED FINANCIAL INFORMATION
(IN WHOLE DOLLARS)

COMBINED/CONSOLIDATED STATEMENT OF INCOME (LOSS) DATA:

	PREDECESSOR COMPANY(1)		COMPANY
	FOR THE YEAR ENDED DECEMBER 31, 1996(2)	FROM JANUARY 1 TO FEBRUARY 19, 1997	FROM INCEPTION TO SEPT. 30, 1997
Total Sales.....	\$ 1,019,856	\$ 343,555	\$ 2,326,148
Cost of Sales.....	1,555,200	508,784	2,717,267
Gross Margin (Deficit).....	(535,344)	(165,229)	(391,119)
Selling, General and Administrative.....	773,344	177,015	1,059,245
Operating Loss.....	(1,308,688)	(342,244)	(1,450,364)
Interest Expense, Net.....	12,634	3,438	74,570
Net Loss.....	\$ (1,321,322)	\$ (345,682)	\$ (1,524,934)
Net Loss Per Common Share (4).....			\$ (.53)
Weighted Average Number of Common Shares Outstanding..			2,904,833

COMBINED/CONSOLIDATED BALANCE SHEET DATA:

	PREDECESSOR COMPANY(1)		COMPANY	
	DECEMBER 31, 1996	FEBRUARY 19, 1997	SEPT. 30, 1997 ACTUAL	AS ADJUSTED(5)
Cash.....	\$ 65,978	\$ 44,270	\$ 72,680	\$ 1,965,613
Working Capital (Deficit)(6).....	(2,058,806)	(2,346,816)	455,796	2,618,969
Total Assets.....	1,453,822	1,280,474	3,578,537	7,271,470
Series A Preferred Stock.....	--	--	1,095,915	--
Accumulated Deficit.....	(1,380,249)	(1,725,931)	(1,524,934)	(1,524,934)
Total Shareholders' Equity (Deficiency).....	(1,330,249)	(1,675,931)	999,913	6,897,913

(1) The financial statements of the Predecessor Company are presented on a combined basis as they are entities under common control.

(2) The Predecessor Company was formed in 1995. The Predecessor Company engaged in limited activity in 1995, consisting primarily of the purchase of certain equipment, the payment of a facility lease deposit, and the payment of \$58,927 for certain start-up expenses.

(3) The Company was incorporated on October 25, 1996 (the date of inception) and engaged in organizational matters until the acquisition of the Predecessor Company which was consummated at the close of business on February 19, 1997.

(4) See Note 2 of Notes to Consolidated Financial Statements included in this Prospectus for information with respect to the calculation of per share data.

(5) Adjusted to reflect the sale of 1,800,000 Common Shares and 2,700,000 Warrants offered hereby at the assumed public offering price of \$4.00 per Common Share and \$.10 per Warrant and the receipt and application of the estimated net proceeds from such sale, including the redemption of the Series A Preferred Stock, including accrued dividends. See "Use of Proceeds" and "Capitalization."

(6) Working Capital (Deficit) for Predecessor Company includes the Obligation Payable to Members of \$1,868,149 at December 31, 1996 and at February 19, 1997.

RISK FACTORS

The securities offered hereby are highly speculative in nature, involve a high degree of risk and should be purchased only by persons who can afford to lose their entire investment. Each prospective investor should carefully consider the following risk factors, as well as all other information set forth in this Prospectus, before making an investment decision.

1. CONTINUING LOSSES; ACCUMULATED DEFICIT; NEGATIVE GROSS MARGINS. Since inception, the Company (including the business engaged in by the Predecessor Company) has experienced losses and negative gross margins. Since inception through September 30, 1997, the Company has incurred a net loss and an accumulated deficit of \$1,524,934 (on sales of \$2,326,148) for such period. On a cumulative basis, the businesses of the Company and the Predecessor Company have incurred a net loss and an accumulated deficit of \$3,250,865 (on sales of \$3,689,559) through September 30, 1997. In addition, the Company experienced a gross margin deficit of \$391,119 for the period from inception to September 30, 1997. The gross margin deficit is primarily attributable to excess transportation costs that the Company has incurred as a result of its trucking operations and to overhead costs associated with the Company's manufacturing operations. There can be no assurance that the Company will ever operate profitably. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Plan of Operation" and Note 3 of the Notes to Consolidated Financial Statements appearing elsewhere herein.

2. LOSSES ASSOCIATED WITH THE COMPANY'S TRANSPORTATION BUSINESS. As a result of operating its own fleet of trucks to deliver its products, the Company's costs of delivery have been significantly in excess of the costs that the Company would have incurred had it used common carriers to deliver its products. While the Company has implemented plans to improve its operating efficiencies and to seek additional revenue from its trucking operations by contracting for its trucks to act as common carriers during their return to the Company's manufacturing facility after delivery of the Company's products, no assurance can be given that the Company will be successful in improving such operations or obtaining sufficient revenue to offset the additional costs of the Company's transportation business. In addition, the Company intends to use a portion of the net proceeds of the Offering to purchase and/or lease additional tractor-trailers to expand the Company's transportation capabilities to accommodate the Company's expected sales growth, although the exact number of such additional tractor-trailers, if any, is dependent upon the Company's actual sales growth, if any. The purchase and/or lease of such additional tractor-trailers could cause the Company's transportation-related losses to increase. If the Company were unsuccessful in improving such operations or obtaining sufficient additional transportation-related revenue to offset the additional costs of operating its own fleet of trucks, the Company may be forced to abandon its strategy of using its own trucks to deliver its products. In such event, the Company is unable to predict what effect, if any, such change in strategy would have on the Company's customers and the ability of the Company to successfully market its products. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Trucking Operations."

3. "GOING CONCERN UNCERTAINTY." Due to the Company's history of losses, negative gross margins and its current financial condition, the Company's independent auditors' report expresses an uncertainty concerning the Company's ability to continue as a going concern. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Report of Independent Accountants" on the Company's Consolidated Financial Statements appearing at page F-2 hereof.

4. LIMITED OPERATING HISTORY. The Company commenced operations in February 1997 when it consummated the purchase of the assets of the Predecessor Company. The Predecessor Company commenced operations in January 1996. Accordingly, the Company has a limited operating history upon which an evaluation of its business and prospects can be based. An investment in the securities of the Company is subject to all of the risks involved in a newly established business venture. Potential investors should evaluate the Company in light of the problems, delays, expenses and difficulties frequently encountered by companies at this early stage of operations, many of which may be beyond the Company's control, including, but not limited to, those relating to marketing, competition, and unanticipated problems and additional costs relating to the Company's operations.

5. SUBSTANTIAL PORTION OF PROCEEDS USED TO REDEEM SERIES A PREFERRED STOCK AND TO PAY CURRENT LIABILITIES. \$1,144,916 (19.4%) of the net proceeds of the Offering will be used to redeem the Company's Series A Preferred Stock, assuming it is redeemed on December 10, 1997. See "Use of Proceeds." At September 30, 1997, the Company's accounts receivable were approximately \$460,114 and its accounts payable and accrued liabilities were approximately \$1,382,709. Approximately \$972,000 (16.5%) of the net proceeds of the Offering are budgeted to pay accounts payable and accrued liabilities incurred in the Company's operations and not related to this Offering. Accordingly, fewer proceeds will be available to the Company for future operations and marketing activities or for working capital. See "Use of Proceeds."

6. COMPETITION. The Company is involved in a field characterized by intense competition in which the Company will be selling products that are the same as those readily available from more established companies which have substantially greater financial, technical, manufacturing, marketing, research and development and management resources than those of the Company. There can be no assurance that the Company will be able to compete successfully in the future. See "Business -- Competition."

7. POSSIBLE DELISTING. The Company has applied to list the Common Shares and the Warrants on the Nasdaq Stock Market's SmallCap Market. The Nasdaq Stock Market adopted amendments to its rules which have increased the eligibility and maintenance criteria for The Nasdaq SmallCap Market. Under the amended rules, in order to qualify for initial listing in The Nasdaq SmallCap Market, a company must, among other things, have (i) at least one year of operating history (or have at least \$50 million in market capitalization), (ii) net tangible assets (i.e., total assets less total liabilities and goodwill) of at least \$4 million (or net income in two of the most recent three fiscal years of at least \$750,000, or a market capitalization of \$50 million), (iii) a market value of public float (shares held by non-affiliates of the Company) of at least \$5 million, (iv) a minimum bid price of \$4.00, and (v) at least 300 shareholders. Under Nasdaq's amended rules, the Company is also required to have at least three securities dealers acting as market makers for the listed securities. Currently, the Company has commitments from three securities dealers to act as market makers for the Common Shares and the Warrants. It is possible that the Company will be unable to satisfy the revised listing criteria. If the Company does not satisfy the revised listing criteria, Nasdaq will likely not allow the inclusion of the Company's securities for listing on The Nasdaq SmallCap Market.

Even if the Company's securities meet the requirements for initial inclusion in The Nasdaq SmallCap Market, there can be no assurance that they will meet the maintenance criteria for continued listing. Existing maintenance criteria require, among other things, that an issuer have net tangible assets of \$2 million (or alternatively net income of \$500,000 in two of the most recent three fiscal years, or a market capitalization of \$35 million) and that the listed security has a minimum bid price of \$1.00. If the Company is unable to satisfy The Nasdaq SmallCap maintenance criteria in the future, the Common Shares and Warrants may be delisted from trading on The Nasdaq SmallCap Market.

If the Company's securities are delisted from The Nasdaq SmallCap Market, trading, if any, would thereafter be conducted in the over-the-counter market in the so-called "pink sheets" or the "Electronic Bulletin Board" of the National Association of Securities Dealers, Inc. ("NASD"), and, consequently, an investor could find it more difficult to dispose of, or to obtain accurate quotations as to the price of, the Company's securities. In addition, if the Company's securities are delisted from The Nasdaq SmallCap Market, they would be subject to Rules 15g-1 to 9 and Schedule 15G under the Exchange Act regarding "penny stock" transactions that impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally institutions and persons with net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse). For transactions covered by this rule, the broker-dealer must make disclosures to the purchaser, make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to purchase. Consequently, the rule may restrict the ability of broker-dealers to sell the Company's securities and may affect the ability of holders of the Company's securities, including purchasers in this Offering, to sell such securities in the secondary market. Delisting from The Nasdaq SmallCap Market may also cause a decline in share price, loss of news coverage of the Company and difficulty in obtaining subsequent financing.

8. BROAD DISCRETION IN THE APPLICATION OF NET PROCEEDS. Approximately \$1,770,084, or approximately 30.0%, of the net proceeds of the Offering have been allocated to working capital and general corporate purposes. Accordingly, management will have broad discretion with respect to that portion of the net proceeds. See "Use of Proceeds."

9. GOVERNMENT REGULATION. The testing, manufacture and sale of medical products, such as the hemodialysis concentrates manufactured by the Company, as well as the ancillary products for hemodialysis distributed by the Company, are subject to extensive regulation by the Food and Drug Administration ("FDA") pursuant to the Federal Food Drug and Cosmetic Act ("FDC Act"), and by other federal, state and foreign authorities. Pursuant to the FDC Act, and the regulations promulgated thereunder, the FDA regulates the preclinical and clinical testing, manufacture, labeling, distribution and promotion of medical devices. Under the FDC Act, medical devices must receive either 510(k) clearance or PMA approval before they may be commercially marketed in the United States. Noncompliance with applicable requirements can result in, among other things, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure of the government to grant premarket clearance or premarket approval for devices, withdrawal of marketing clearances or approvals and criminal prosecution, any of which actions could have an adverse effect on the Company's business, financial condition or results of operations.

The Company's hemodialysis concentrates have FDA clearance. There can be no assurance, however, that current FDA clearances for the Company's concentrates will not be rescinded or that, if and when any additional products are developed by the Company or the Company modifies its existing concentrates, they will receive FDA clearance. If any current or future clearances or approvals are rescinded or denied, sales of the affected products in the United States would be prohibited during the period the products do not have such clearances. There can be no assurance that the Company will be able to obtain necessary regulatory approvals or clearances on a timely basis or at all, and delays in receipt of or failure to receive such approvals or clearances, the loss of previously received approvals or clearances, limitations on intended use imposed as a condition of such approvals or clearances, any limitations on the Company's market required by any clearances, any resulting delays in market introduction or failure to comply with existing or future regulatory requirements would have an adverse effect on the Company's business, financial condition and results of operations. In addition, new FDA-related legislation or new FDA regulations could impose additional regulatory requirements including, but not limited to, imposing significant fees for seeking market clearance or approval for medical devices. See "Business -- Government Regulation."

The Company's products are subject to strict federal regulations regarding the quality of manufacturing known as Good Manufacturing Practices ("GMP"). The FDA conducts periodic inspections and surveillance of the manufacturing and the packaging facilities of medical device manufacturers to determine compliance with GMP. No assurance can be given that, when the Company is inspected, it will be found to be in compliance with GMP. In addition, the Medical Device Reporting ("MDR") regulation obligates the Company to report to the FDA any incident in which its product may have caused or contributed to a death or serious injury, or in which its product malfunctioned and, if the malfunction were to recur, it would be likely to cause or contribute to a death or serious injury. Changes in existing requirements or adoption of new requirements could have an adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will not incur significant costs to comply with laws and regulations in the future or that laws and regulations will not have an adverse effect upon the Company's business, financial condition and results of operation. If, as a result of FDA inspections, MDR reports or other information, the FDA believes that the Company is not in compliance with applicable laws and regulations, the FDA can institute proceedings or recall, detain or seize products, totally or partially suspend production, enjoin future violations, or assess civil and/or criminal fines and penalties against the Company, its officers or employees. Any action by the FDA could result in disruption of the Company's operations for an indeterminate period of time and have a material adverse affect on the Company's business, financial condition and results of operations. See "Business -- Government Regulation."

10. ADVERSE EFFECT OF REDEMPTION OF WARRANTS. The Warrants are subject to redemption by the Company on 30 days prior written notice under certain conditions. If the Warrants are so redeemed, Warrant holders will lose the right to exercise the Warrants so redeemed, except during such 30-day notice period. Redemption of

the Warrants could force the holders to exercise the Warrants and pay the exercise price at a time when it may be disadvantageous for the holders to do so, to sell the Warrants at the current market price for the Warrants when they might otherwise wish to hold the Warrants, or to accept the redemption price, which is likely to be substantially less than the market value of the Warrants at the time of redemption. See "Description of Securities -- Warrants."

11. NON-REGISTRATION IN CERTAIN JURISDICTIONS OF COMMON SHARES UNDERLYING THE WARRANTS; EXERCISE OF WARRANTS. Investors will not be required to purchase Common Shares and Warrants together or in any particular ratio. The Company has applied to register or otherwise qualify for sale the Common Shares and the Warrants in the following states (although no assurance can be given that the Company will be successful in registering or otherwise qualifying the Securities in such states): California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Louisiana, Maryland, Nevada, New Hampshire, New Jersey, New York, Rhode Island, Utah, Virginia, Wisconsin and the District of Columbia. Although the Securities will not knowingly be sold to purchasers in jurisdictions in which the Securities are not registered or otherwise qualified for sale, purchasers may buy Warrants in the after-market or may move to jurisdictions in which the shares underlying the Warrants are not so registered or qualified during the period that the Warrants are exercisable. In this event, the Company would be unable to issue Common Shares to those persons desiring to exercise their Warrants unless and until such shares could be qualified for sale in jurisdictions in which such purchasers reside, or an exemption to such qualification exists in such jurisdiction.

In addition, investors purchasing Warrants in this Offering will not be able to exercise the Warrants unless at the time of exercise this registration statement is current and the Common Shares issuable upon exercise of such Warrants have been qualified or deemed to be exempt under the securities laws of the state of residence of the holder of such Warrants. The Company intends to maintain a current prospectus and to use reasonable efforts to cause the Company's Common Shares to be registered in all required jurisdictions. There can be no assurance that such shares can be qualified on or before the exercise date or that the Company will maintain a current prospectus relating thereto until the expiration of the Warrants.

12. DEPENDENCE ON KEY PERSONNEL. The success of the Company is materially dependent upon the efforts of Robert L. Chioini, the Company's President and Chief Executive Officer, and James J. Connor, the Company's Chief Financial Officer, Secretary and Treasurer. The Company and Mr. Chioini have entered into a three-year employment agreement expiring in February 2000, and the Company maintains a key-man life insurance policy on the life of Mr. Chioini in the amount of \$1,000,000. Mr. Connor is employed on an "at-will" basis. If the Company were to lose the services of Mr. Chioini or Mr. Connor, such event could materially and adversely affect the Company's business, financial condition and results of operations. See "Management -- Employment Agreement."

13. POSSIBLE INSUFFICIENCY OF INSURANCE. As a supplier of medical products, the Company may face potential liability from a person who claims that he or she suffered physical harm as a result of the use of the Company's products. If litigation is initiated because of such harm, the Company may be sued, and regardless of whether it is ultimately determined to be liable, the Company may incur significant legal expenses not covered by insurance. In addition, product liability litigation could damage the Company's reputation and therefore impair its marketing ability. Such litigation could also impair the Company's ability to retain products liability insurance or make such insurance more expensive. The Company maintains products liability insurance in the amount of \$5 million per occurrence and \$6 million in the aggregate. The Company believes that its current insurance will be sufficient to cover any potential liabilities to the Company arising from its business and operations. There is, however, no assurance that the Company can retain such insurance or that such insurance would be sufficient to protect the Company against liabilities associated with its business. In the event of an uninsured or inadequately insured product liability claim in the future, the Company's business financial condition and results of operations could be adversely affected.

14. ABSENCE OF PUBLIC MARKET; ARBITRARY DETERMINATION OF OFFERING PRICE. Prior to this Offering, there has been no public market for the Company's Common Shares or Warrants and there can be no assurance that a regular trading market will develop for any or all of these Securities upon completion of this Offering. The public offering price for Common Shares and the Warrants and the exercise price of the Warrants have

been determined by negotiation between the Company and the Representative and are not necessarily related to the Company's asset value, net worth or other established criteria of value. See "Underwriting."

15. SUBSTANTIAL DILUTION; PURCHASE OF COMMON SHARES BY INSIDERS AT BELOW OFFERING PRICE. A purchaser in this Offering will experience immediate and substantial dilution of \$2.95 per share (approximately 74.0%) in that the offering price exceeds the net tangible book value of the Company after giving effect to the Offering. The Common Shares held by the Company's Principal Shareholders were purchased for prices significantly lower than the public offering price. Accordingly, investors in the Offering will bear a disproportionate share of the risk of an investment in the Company. See "Dilution."

16. VOTING CONTROL; POTENTIAL ANTI-TAKEOVER EFFECT. Upon the completion of this Offering, the officers and directors of the Company will beneficially own approximately 40.5% of the Company's voting shares (41.0% assuming the exercise of options granted to such officers and directors which are exercisable within 60 days of the date of this Prospectus). Accordingly, they may be able to effectively elect all of the directors of the Company and control the Company's affairs. The Company's shareholders do not have the right to cumulative voting in the election of directors. The Board of Directors has the authority, without further approval of the Company's shareholders, to issue shares of preferred stock, no par value per share (the "Preferred Stock"), having such rights, preferences and privileges as the Board of Directors may determine. Any such issuance of Preferred Stock could, under certain circumstances, have the effect of delaying or preventing a change in control of the Company and may adversely affect the rights of holders of Common Shares, including by decreasing the amount of earnings and assets available for distribution to holders of Common Shares and adversely affect the relative voting power or other rights of the holders of the Company's Common Shares. The Company has agreed with the Underwriters that, except for issuances disclosed in or contemplated by this Prospectus, it will not issue any securities, including but not limited to any shares of Preferred Stock, for a period of 24 months following the Effective Date, without the prior written consent of the Underwriters. In addition, the Company is subject to Michigan statutes regulating business combinations, takeovers and control share acquisitions which might also hinder or delay a change in control of the Company. Anti-takeover provisions that could be included in the Preferred Stock when issued and the Michigan statutes regulating business combinations, takeovers and control share acquisitions can have a depressive effect on the market price of the Company's securities and can limit shareholders' ability to receive a premium on their shares by discouraging takeover and tender offer bids. See "Principal Stockholders" and "Description of Securities -- Preferred Stock."

The Directors of the Company serve staggered three-year terms, and directors may not be removed without cause. The Company's Articles of Incorporation also set the minimum and maximum number of directors constituting the entire Board at three and fifteen, respectively, and require approval of holders of a majority of the Company's voting shares to amend these provisions. These provisions could have an anti-takeover effect by making it more difficult to acquire the Company by means of a tender offer, a proxy contest or otherwise or the removal of incumbent officers and directors. These provisions could delay, deter or prevent a tender offer or takeover attempt that a shareholder might consider in his or her best interests, including those attempts that might result in a premium over the market price for the Common Shares held by the Company's shareholders. See "Description of Securities -- Common Shares."

17. SHARES ELIGIBLE FOR FUTURE SALE. The Company is unable to predict the effect, if any, that future sales of Common Shares, or the availability of Common Shares for future sales, will have on the market price of the Common Shares from time to time. Sales of substantial amounts of Common Shares (including shares issued upon the exercise of warrants or stock options), or the possibility of such sales, could adversely affect the market price of the Common Shares or Warrants and also impair the Company's ability to raise capital through an offering of its equity securities in the future. Upon completion of the Offering, the Company will have 4,938,750 Common Shares outstanding (assuming no exercise of the Underwriter Over-Allotment Option, the Warrants, the Bridge Warrants, the Underwriters Warrants and other outstanding options and warrants). Of these shares, the 1,800,000 Common Shares sold in this Offering will be freely tradeable without restriction under the Securities Act, except for any shares purchased by any person who is or thereby becomes an "affiliate" of the Company, which shares will be subject to the resale limitations contained in Rule 144 promulgated under the Securities Act. The remaining 3,138,750 Common Shares outstanding are, and the

shares issuable upon exercise of the Bridge Warrants will be "restricted securities" (as that term is defined in Rule 144 promulgated under the Securities Act) which may be publicly sold only if registered under the Securities Act or if sold in accordance with an applicable exemption from registration, such as Rule 144. Officers, directors and other security holders of the Company owning and/or having rights to acquire in the aggregate

Common Shares have entered into agreements (the "Lock-Up Agreements") with the Representative not to sell or otherwise dispose of any securities of the Company, including Common Shares, for a period of 13 months following the Effective Date, without the prior written consent of the Representative, which may be granted or withheld in the sole and absolute discretion of the Representative, subject to an exemption for certain tender offers. Following expiration of the term of the Lock-Up Agreements, 3,138,750 shares will become eligible for resale pursuant to Rule 144, subject to the volume limitations and compliance with the other provisions of Rule 144. Furthermore, the holders of the Underwriters Warrants (including the securities issuable upon exercise thereof) have demand and piggyback registration rights with respect to the Common Shares issuable upon exercise of the Underwriters Warrants and the underlying Warrants, which Common Shares have been registered by the Company on the Registration Statement on Form SB-2 of which this Prospectus is a part. The Company also intends to register the Common Shares issuable upon the exercise of options available under the Company's 1997 Stock Option Plan; which shares will become, upon registration, freely tradeable subject to the Lock-Up Agreements. In addition, the investors in the First Prior Financing and the investors in the Second Prior Financing have piggy-back registration rights with respect to their Common Shares, Bridge Warrants and the underlying Common Shares. These rights have been waived in connection with this Offering, but any future exercise of these rights could involve substantial expense to the Company and may adversely affect the terms upon which the Company may obtain additional financing. Any substantial sale of restricted securities pursuant to Rule 144 or a registration statement may have an adverse effect on the market price of the Common Shares or Warrants. See "Description of Securities -- Registration Rights," "Description of Securities -- Warrants," "Description of Securities -- Prior Financings" and "Underwriting".

18. OUTSTANDING WARRANTS AND OPTIONS. In addition to the 2,700,000 Warrants to be issued in connection with this Offering (3,105,000 Warrants if the Over-Allotment Option is exercised in full), upon completion of this Offering the Company will sell the Underwriters the Underwriters Warrants to purchase 180,000 Common Shares and 270,000 Warrants. Furthermore, the Company has outstanding Bridge Warrants to purchase an aggregate of 520,000 Common Shares. The Company has also reserved an additional 450,000 Common Shares for issuance upon exercise of options under the Company's 1997 Stock Option Plan, of which options covering an aggregate of 295,000 Common Shares have already been granted. The exercise of warrants or options and the sale of the underlying Common Shares (or even the potential of such exercise or sale) may have a depressive effect on the market price of the Common Shares and the Warrants. Holders of such warrants and options are likely to exercise them when, in all likelihood, the Company could obtain additional capital on terms more favorable than those provided by the options and warrants. Further, while its warrants and options are outstanding, the Company's ability to obtain additional financing on favorable terms may be adversely affected. In addition, exercise of such options would substantially dilute a prospective investor's investment in the Company. See "Underwriting" and "Description of Securities."

19. EFFECT OF ISSUANCE OF COMMON SHARES. Immediately after the Offering, assuming the Over-Allotment Option is not exercised, the Company will have an aggregate of approximately 10,941,250 Common Shares authorized but unissued and not reserved for specific purposes. All of such shares may be issued without any action or approval by the Company's shareholders. Although there are no present plans, agreements, commitments or undertakings with respect to the issuance of additional shares or securities convertible into any such shares by the Company (other than those currently reserved for issuance), any Common Shares issued would further dilute the percentage ownership of the Company held by the public shareholders. The Company has agreed with the Underwriter that, except for the issuances disclosed in or contemplated by this Prospectus (including issuance of the currently reserved shares), it will not issue any securities, including but not limited to any Common Shares, for a period of 24 months following the Effective Date, without the prior written consent of the Underwriter. See "Underwriting."

20. ABILITY TO MANAGE GROWTH. If the Company were to experience significant growth in the future, such growth would likely result in new and increased responsibilities for management personnel and place significant strain upon the Company's management, operating and financial systems and resources. To accommodate such growth and compete effectively, the Company must continue to implement and improve its operational, financial, management and information systems, procedures and controls, and to expand, train and manage its personnel. There can be no assurance that the Company's personnel, systems, procedures and controls will be adequate to support the Company's future operations. Any failure to implement and improve the Company's operational, financial, management and information systems, procedures or controls or to expand, train or manage employees or to manage effectively any actual or expected future growth, could materially and adversely affect the Company's business, financial condition and results of operations. See "Risk Factors -- Dependence on Key Personnel," "Business -- Employees" and "Management -- Directors, Executive Officers and Key Employees."

21. ABSENCE OF DIVIDENDS ON COMMON SHARES. Since inception, the Company has not paid any cash dividend on its Common Shares and it does not anticipate paying such dividends in the foreseeable future. The payment of dividends by the Company is within the discretion of its Board of Directors and depends upon the Company's earnings, capital requirements, financial condition and requirements, future prospects, restrictions in future financing agreements, business conditions and other factors deemed relevant by the Board. The Company intends to retain earnings, if any, to finance its operations. See "Dividend Policy."

22. LIMITED UNDERWRITING EXPERIENCE OF THE REPRESENTATIVE. The Representative was organized in March 1995, was first registered as a broker dealer in December 1995, and became a member firm of the NASD in December 1995. The Representative is principally engaged in retail brokerage and market making activities and various corporate finance projects. Although the Representative has acted as a placement agent in private offerings and has participated a member of the underwriting syndicate or as a selected dealer in five prior public offerings, it only has acted as the lead managing underwriter in two prior public offerings and has co-managed two other public offerings. No assurance can be given that the Representative's lack of experience as a lead managing underwriter of public offerings will not adversely affect the Offering and the subsequent development of a liquid public trading market in the Company's securities. See "Risk Factors -- Representative's Influence on the Market; Possible Limitations on Market Making Activities."

23. REPRESENTATIVE'S INFLUENCE ON THE MARKET; POSSIBLE LIMITATIONS ON MARKET MAKING ACTIVITIES. A significant number of Common Shares and Warrants may be sold to customers of the Underwriters. Such customers subsequently may engage in transactions for the sale or purchase of such securities through or with the Underwriters or based on the recommendations of the Underwriters. The Company has applied to list the Common Shares and the Warrants on The Nasdaq SmallCap Market. The Representative has indicated that it intends to act as a market-maker and otherwise effect transactions in the Common Shares and Warrants. To the extent the Representative acts as a market-maker in the Common Shares and Warrants, it may exert a dominating influence in the markets for those securities. The prices and liquidity of the Common Shares and Warrants may be significantly affected to the extent, if any, that the Representative participates in such markets. The Representative may discontinue such activities at any time or from time to time. The Representative also has the right to act as the Company's exclusive agent in connection with any future solicitation of holders of Warrants to exercise their Warrants. Applicable rules of the Commission prohibit the Representative and any other soliciting broker-dealers from engaging in any market making activities or solicited brokerage activities with regard to the Common Shares and Warrants for a period of up to five business days prior to the solicitation of the exercise of any Warrants until the later of the termination of such solicitation activity or the termination of any right the Representative may have to receive a fee for the solicitation of the Warrants. As a result, the Representative and such soliciting broker-dealers may be unable to continue to make a market for the Common Shares and the Warrants during certain periods while the Warrants are exercisable. Such a limitation, while in effect, could impair the liquidity and market price of the Common Shares and the Warrants. See "Underwriting."

24. REPRESENTATIVE'S POTENTIAL INFLUENCE ON THE COMPANY. The Company has agreed that for a period of no less than three years from the Effective Date, the Company will engage a designee, acceptable to the Representative and the Company, to serve as an advisor ("Advisor") to the Company's Board of Directors.

Such Advisor shall be entitled to attend all meetings of the Board of Directors, to receive all notices and other correspondence and communications sent by the Company to the Board of Directors, and to receive compensation equal to the compensation paid to non-employee directors of the Company. The Company has also agreed that, in lieu of the Representative's right to designate an Advisor, the Representative has the right to designate one person for election as a director of the Company and the Company has agreed to use its best efforts to obtain the election of such designee to the Board of Directors. The engagement of such Advisor and/or the election of such designee, if any, to the Company's Board of Directors, may enable the Representative to exert influence on the Company. See "Underwriting."

25. POSSIBLE VOLATILITY OF STOCK PRICE. The market price of the Company's securities may be highly volatile. Quarterly operating results of the Company, changes in the general conditions in the economy, the financial markets, or the medical products industry, changes in financial estimates by securities analysts or failure by the Company to meet such estimates, litigation involving the Company, actions by governmental agencies or other developments affecting the Company or its competitors, could cause the market price of the Company's securities to fluctuate substantially. In particular, the stock market may experience significant price and volume fluctuations which may affect the market price of the Company's securities for reasons that are unrelated to the Company's operating performance and that are beyond the Company's control.

In connection with this Offering, the Underwriters and selling group members and their respective affiliates may engage in stabilizing, syndicate short covering transactions, or other transactions during the offering that may stabilize, maintain or otherwise affect the market price of the Common Shares and Warrants. Stabilization transactions, effected in accordance with Rule 104 of Regulation M, are bids for or purchases of Common Shares or Warrants for the purpose of preventing or retarding a decline in the market price of the Common Shares or Warrants or all of them to facilitate the Offering. The Underwriters also may create a short position for their accounts by selling more Common Shares or Warrants in connection with the Offering than they are committed to purchase from the Company, and in such case may purchase Common Shares or Warrants in the open market to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position by exercising the Over-Allotment Option. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Shares and Warrants at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken they may be discontinued at any time. The Underwriters and selling group members may engage in such transactions from the effective date of the Registration Statement of which this Prospectus is a part to the closing date of the Offering. The Underwriters do not intend to provide notice to shareholders of the discontinuation of such transactions.

26. LIMITED MARKETING CAPABILITY; DEPENDENCE ON SALES REPRESENTATIVES AND DISTRIBUTORS. The Company intends to market its products through its own employees and to retain independent sales representatives and distributors. The Company has only limited experience in the development and marketing of medical products, and its direct sales force consists of only one person. The Company is substantially dependent on its independent sales representatives and distributors to generate sales. Failure of independent sales representatives and distributors to market, promote and sell the Company's products would have an adverse effect on the Company's business, financial condition and results of operations.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 1,800,000 Common Shares and 2,700,000 Warrants offered by this Prospectus (after deducting underwriting commissions and discounts and estimated offering expenses) are estimated to be approximately \$5,898,000 (\$6,872,835 if the Over-allotment Option is exercised in full) at the assumed public offering price of \$4.00 per Common Share and \$.10 per Warrant. The Company expects to use the net proceeds of the Offering as follows:

	APPROXIMATE DOLLAR AMOUNT	APPROXIMATE PERCENTAGE
	-----	-----
Purchase of Equipment(1).....	\$1,800,000	30.5%
Redemption of Series A Preferred Stock(2).....	\$1,144,916	19.4%
Payment of Accounts Payable and Accrued Expenses.....	\$ 972,000	16.5%
Repayment of Indebtedness(3).....	\$ 211,000	3.6%
Working Capital(4).....	\$1,770,084	30.0%
	-----	----
	\$5,898,000	100%
	=====	=====

(1) Consists primarily of additional production equipment and supplies necessary to increase the Company's production capacity and to produce and package liquid bicarbonate, a product which the Company has recently obtained clearance from the FDA to manufacture and distribute. Also includes the purchase and/or lease of additional tractor-trailers to expand the Company's transportation capabilities to accommodate the Company's expected sales growth. The Company has no commitments to date for the purchase of any such equipment.

(2) The Series A Preferred Stock was issued in partial payment of the deferred purchase price for the Predecessor Company. See "Certain Transactions -- Acquisition of Business of Predecessor Company." Holders of Series A Preferred Stock are entitled to receive, out of funds legally available for the payment of dividends, cumulative cash dividends in the amount of \$0.085 per share per year (prorated for partial years) accruing from June 1, 1997. The redemption price for the Series A Preferred Stock equals \$1.00 per share plus accumulated and unpaid dividends on the redemption date. In accordance with the terms of the asset purchase agreement (the "Asset Purchase Agreement") entered into by the Company with the Predecessor Company and its owners, the parties to the Asset Purchase Agreement have agreed to reduce the purchase price paid by the Company for the Predecessor Company's business by \$320,749 based on a provision in the Asset Purchase Agreement which provides that the purchase price for the Predecessor Company's business will be reduced on a dollar for dollar basis to the extent the net worth of the Predecessor Company at the closing of the acquisition is below a target amount set forth in the Asset Purchase Agreement. The Supply Company has surrendered to the Company for cancellation 320,749 shares of Series A Preferred Stock in payment of such purchase price reduction. The Company does not have any obligation to pay any accrued dividends on such cancelled shares. The amount shown represents the estimated redemption price at December 10, 1997 of the remaining 1,095,915 shares of Series A Preferred Stock. Upon completion of the Offering, the Company expects that it will redeem the Series A Preferred Stock on December 10, 1997. See "Description of Securities -- Series A Preferred Stock."

(3) In November 1997, the Company obtained a loan in the amount of \$100,000 from Michael J. Xirnachs, a founder of the Company and a Director of the Company, bearing interest at the rate of 24% per annum, and requiring repayment on February 11, 1998. The Company has also obtained a loan from Karen Bagley in the amount of \$100,000, which bears interest at the rate of 24% per annum and is due and payable full upon demand. Upon completion of this Offering, the Company will use a portion of the net proceeds of the Offering to repay the expected outstanding balance owing on each of these loans. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(4) Includes working capital and other ongoing selling, general and administrative expenses. See the Consolidated Financial Statements as of, and for the period ended September 30, 1997, included elsewhere in this Prospectus, for information about the Company's current working capital needs (including accounts payable and accrued expenses) and ongoing selling, general and administrative expenses.

The foregoing represents the Company's best estimate of its allocation of the net proceeds of the Offering based upon the current state of its business development and management estimates of current industry

conditions. The net proceeds may be reallocated among the categories set forth above or otherwise in response to, among other things, changes in the Company's business plans, future revenues and expenses and industry, regulatory or competitive conditions. The amount and timing of expenditures will vary depending on a number of factors, including changes in the Company's contemplated operations or business plans and changes in economic and industry conditions. Any such shifts will be at the discretion of the Board of Directors and officers of the Company.

Pending such uses, the net proceeds of the Offering are expected to be invested in U.S. Government Securities or deposited in federally insured accounts of banks or money market accounts of other financial institutions, or invested in short-term, investment-grade, interest-bearing investments or other similar short-term investments.

CAPITALIZATION

The following table sets forth the capitalization of the Company (i) as of September 30, 1997, (ii) on an as adjusted basis after giving effect to the issuance and sale of the 1,800,000 Common Shares and the 2,700,000 Warrants in the Offering at the assumed public offering price of \$4.00 per Common Share and .10 per Warrant, the application of the estimated net proceeds of \$5,898,000 thereof, and the issuance of 123,750 Additional Shares. The information set forth below should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere herein and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	AT SEPTEMBER 30, 1997	
	ACTUAL	AS ADJUSTED
	-----	-----
Series A Preferred Stock, \$1.00 par value, 1,416,664 shares authorized; 1,095,915 shares issued and outstanding at September 30, 1997 and no shares issued and outstanding, as adjusted(1).....	\$ 1,095,915	--
Shareholders' equity:		
Preferred Stock, no par value, no shares issued and outstanding at September 30, 1997 or as adjusted.....	--	--
Common Shares, no par value, 20,000,000 shares authorized; 3,015,000 shares issued and outstanding at September 30, 1997; and 4,938,750 shares issued and outstanding, as adjusted(2).....	2,524,847	\$ 8,422,847
Accumulated Deficit(3).....	(1,524,934)	(1,524,934)
Total Shareholders' Equity.....	999,913	6,897,913
Total Capitalization.....	\$ 2,095,828	\$ 6,897,913
	=====	=====

(1) Pursuant to the terms of the Asset Purchase Agreement, 320,749 shares of the 1,416,664 shares of Series A Preferred Stock originally issued to the Supply Company were surrendered to the Company for cancellation in payment of a \$320,749 reduction in the purchase price for the Predecessor Company's business. Upon cancellation of such shares, the Company had no obligation to pay any accrued dividends on such cancelled shares.

(2) Includes (i) on a pro forma basis, the 123,750 Additional Shares to be issued to the investors in the First Prior Financing. Excludes, (ii) 520,000 Common Shares issuable upon exercise of the Bridge Warrants, (iii) 450,000 Common Shares reserved for issuance under the Company's 1997 Stock Option Plan, of which options to acquire an aggregate of 295,000 Common Shares have been granted, (iv) 2,700,000 Common Shares reserved for issuance upon exercise of the Warrants, and (v) 450,000 Common Shares reserved for issuance upon exercise of the Underwriter Warrants and upon exercise of the 270,000 underlying Warrants. See "Description of Securities" and "Underwriting."

(3) Management believes the accumulated deficit has continued to increase during the fourth quarter ending December 31, 1997.

DILUTION

Dilution represents the difference between the initial public offering price paid by the purchasers in the Offering and the net tangible book value per share immediately after the completion of the Offering. The net tangible book value (deficit) of the Company as of September 30, 1997, was (\$691,438), or (\$.23) per Common Share, based on 3,015,000 Common Shares outstanding. Net tangible book value (deficit) per share is equal to the Company's total tangible assets (total assets less intangible assets) less its total liabilities, divided by the number of Common Shares outstanding. After giving effect to the sale of the 1,800,000 Common Shares and the 2,700,000 Warrants offered hereby at an assumed initial public offering price of \$4.00 per Common Share and \$.10 per Warrant, and the application of the estimated net proceeds therefrom as described under "Use of Proceeds", the pro forma as adjusted net tangible book value of the Company at September 30, 1997 would have been \$5,206,562, or \$1.05 per share, based on 4,938,750 Common Shares outstanding after this Offering (including the Additional Shares to be issued to investors in the First Prior Financing). This represents an immediate increase of \$1.28 per share in an adjusted net tangible book value to existing shareholders and immediate dilution of \$2.95 per share from the assumed public offering price to the new investors purchasing Units in the Offering. Dilution per share represents the difference between the public offering price and the pro forma net tangible book value per share after the Offering. The following table illustrates the per share dilution to the new investors:

Assumed initial public offering price per share.....	\$4.00
Net tangible book value (deficit) per share before the Offering.....	\$(.23)
Increase per share attributable to new investors.....	1.28

Pro forma net tangible book value per share after the Offering.....	1.05

Dilution per share to new investors.....	\$2.95
	=====

The following table sets forth the difference between (i) the current shareholders who are promoters, officers, directors or beneficial owners of 5% or more of the outstanding Common Shares ("Insiders"), (ii) the other present shareholders, and (iii) the new investors, with respect to the number of shares purchased from the Company, the total consideration paid (other than services) and the average price per share (assuming no exercise of the Warrants or any other outstanding options or warrants):

	SHARES PURCHASED	PERCENT OF TOTAL SHARES	CONSIDERATION PAID	PERCENT OF TOTAL CONSIDERATION PAID	AVERAGE PRICE PER SHARE
	-----	-----	-----	-----	-----
Insiders.....	2,000,000	40.5%	\$ 1,000	*	**
Other present shareholders(1).....	1,138,750	23.1%	2,797,500	28.0%	\$2.46
New Investors.....	1,800,000	36.4%	7,200,000	72.0%	\$4.00
	-----	-----	-----	-----	-----
Total.....	4,938,750	100.0%	\$9,998,500	100.0%	\$2.02
	=====	=====	=====	=====	=====

* Less than one percent.

** Less than \$.01.

(1) Includes 123,750 Additional Shares to be issued to investors in the First Prior Financing. See "Description of Securities -- Prior Financings."

The foregoing assumes no exercise of the 155,000 options (reserved) and 3,965,000 warrants (outstanding) to purchase Common Shares at the closing of this Offering (see "Description of Securities"). In the event such options and warrants are exercised, investors in this Offering may experience further dilution.

DIVIDEND POLICY

The payment of dividends by the Company is within the discretion of its Board of Directors and depends in part upon the Company's earnings, capital requirements, financial condition and requirements, future prospects, restrictions in future financing agreements, business conditions and other factors deemed relevant by the Board. Since its inception, the Company has not paid any cash dividends on its Common Shares and does not anticipate paying such dividends in the foreseeable future. The Company intends to retain earnings, if any, to finance the development and expansion of its operations.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company was formed for the purpose of acquiring substantially all the assets of Rockwell Medical Supplies, LLC, and a related entity, Rockwell Transportation, LLC. The Company acquired the Predecessor Company on February 19, 1997 for an adjusted purchase price of approximately \$2.1 million. Pursuant to the Asset Purchase Agreement, the purchase price for the Predecessor Company's business was reduced by \$320,749 based on a provision in the Asset Purchase Agreement which provides that the purchase price for the Predecessor Company's business will be reduced on a dollar for dollar basis to the extent that the net worth of the Predecessor Company at the closing of the acquisition is below a target amount set forth in the Asset Purchase Agreement.

The purchase price was financed with an initial cash payment to the Predecessor Company of \$150,000, a cash payment of approximately \$375,000 to NBD Bank to discharge the Predecessor Company's obligation under a loan arrangement, and a \$1.9 million note payable to the Predecessor Company. The Company funded the initial cash payments of \$525,000 with a portion of the proceeds of a private placement of the Company's Common Shares (the "First Prior Financing"). See "Description of Securities -- Prior Financings." The balance of the \$1.2 million in net proceeds raised in the First Prior Financing was used to fund the Company's net losses and capital equipment purchases.

In May through July, 1997, the Company sold an aggregate of 26 units, each unit consisting of 20,000 Common Shares and 20,000 Bridge Warrants for a purchase price of \$60,000 per unit, or an aggregate of \$1,560,000 (the "Second Prior Financing"). The net proceeds of the Second Prior Financing were approximately \$1,248,000, of which \$500,000 were used to reduce the obligation under the note payable to the Predecessor Company. The balance was used to fund the Company's net losses and for capital equipment expenditures. The remaining balance of \$1,416,664 under the note payable to the Predecessor Company was converted into 1,416,664 shares of Series A Preferred Stock. As described elsewhere in this Prospectus, 320,749 shares of Series A Preferred Stock were surrendered to the Company and cancelled to effect a \$320,749 reduction in the purchase price for the Predecessor Company's business.

In July 1997, the Company obtained a loan from Karen Bagley in the principal amount of \$100,000 to pay employee salaries and other accrued expenses. The loan bears interest at an annual rate of 24% and is payable in full, including accrued interest, on a demand basis. Karen Bagley is the wife of Patrick Bagley, whose firm serves as legal counsel to the Company on certain matters and also to Mr. Robert L. Chioini in a personal capacity. The Company intends to repay the loan with a portion of the net proceeds of the Offering. See "Use of Proceeds" and "Certain Transactions -- Related-Party Loan."

In November 1997, the Company obtained a \$100,000 loan from Michael J. Xirinachs, a founder of the Company and a Director of the Company. The loan bears interest at the rate 24% per annum and matures on February 11, 1998. The Company intends to repay the loan with a portion of the net proceeds of the Offering. See "Use of Proceeds" and "Certain Transactions -- Shareholder Loans."

RESULTS OF OPERATIONS

During the period from October 25, 1996 (date of inception) through September 30, 1997, sales were approximately \$2.3 million. Sales of hemodialysis solutions, primarily acid concentrate (56% of sales), and bicarbonate powder (20% of sales), accounted for the majority of product sales with other ancillary products accounting for 16% of total sales. Revenue generated from the Company's trucking subsidiary from trucking services provided to non-affiliated third parties was approximately \$175,000 and accounted for approximately 8% of total sales. The Company anticipates this product mix may change in the future as new products are included in the Company's product line and as the Company increases its revenue from "back-hauling" operations. Export sales represent 9.8% of total sales, primarily in the hemodialysis solutions product line.

The Company incurred a gross deficit of \$391,000 for the period ended September 30, 1997. Material costs comprised 43% of total costs of sales. Prices of raw materials have remained stable over the period and

management does not believe that significant changes will occur in the foreseeable future. Management believes that there is an opportunity to reduce material costs through more efficient scheduling of production. This will enable the Company to plan material procurements in a more efficient manner and eliminate low lead time requirements at potentially reduced prices. Costs required to convert raw materials to finished goods for sale (principally labor and manufacturing related overhead) comprised 31% of costs of sales. Scheduling inefficiencies, low production volumes, and one-time start-up costs contributed to what management believes are higher costs than management anticipates will be experienced in the future.

Distribution costs were 26% of total costs of sales. These costs are incurred by the Company's wholly owned subsidiary Rockwell Transportation Inc. Management has enacted plans to reduce such costs as a percentage of total revenue by more effectively utilizing its transportation equipment and by generating additional third party revenue on "back-haul" routes.

Selling, General and Administrative costs of \$1,059,245, or 46% of sales, for the period include \$350,000 of professional fees relating to financial consulting matters. Officer and employee salaries and benefits of \$281,000 and amortization of goodwill of \$118,000 comprise the majority of the selling, general and administrative costs. The Company anticipates these costs will increase commensurate with future sales growth.

The Company has reported losses for the period ended September 30, 1997 and thus has not recorded a federal, state or local tax provision.

PLAN OF OPERATION

During the next 12 months the Company plans to continue to manufacture and distribute hemodialysis concentrates and dialysis kits and distribute other hemodialysis products to hemodialysis providers. The Company intends to take advantage of the increasing number of hemodialysis providers and patients (see "Business -- General") and to implement its strategies of acting as a single source supplier, increasing revenue by selling new products and obtaining additional "back-haul" revenue from its trucks and offering a high level of customer service (see "Business -- Strategy") to attempt to increase its sales and market share. No assurance can be given, however, that the Company's sales or market share will increase. See "Risk Factors -- Competition."

If the Company's sales volumes increase, it expects to add additional production and administrative employees and truck drivers (see "Business -- Employees") and it expects to expand its facilities and acquire additional laboratory and production equipment. The Company also expects that it will need cash over the next 12 months (i) to redeem the Series A Preferred Stock, (ii) to fund operating losses, and (iii) for working capital and other ongoing selling, general and administrative expenses. The Company believes that cash from operations together with the net proceeds of this Offering will be sufficient to sustain the Company's operations at budgeted levels and its needs for liquidity for at least the next 12 months.

During the period from February 20, 1997 to September 30, 1997, the Company experienced a negative gross margin of approximately \$391,000. During this period the Company incurred \$286,000 expenses from its trucking operations over the cost that the Company estimates it would have incurred had it used common carriers to deliver its products. Approximately \$464,000 of cost of sales was attributable primarily to overhead costs associated with the Company's manufacturing operations.

In order to improve the Company's operating margin to a break-even point, the Company must (i) increase its revenue from manufacturing operations to approximately \$6.0 million per year, (ii) achieve certain planned operating efficiencies in its manufacturing operations, (iii) obtain additional revenue from its trucking operations sufficient to cover the additional costs of such operations by contracting for its trucks to act as common carriers during their return to the Company's manufacturing facility after a delivery of the Company's products, and (iv) improve the operating efficiencies of the Company's trucking operations. If the Company is not successful in increasing its revenue from the sale of hemodialysis concentrates and other ancillary products while achieving certain planned operating efficiencies, the Company's gross margin will likely remain negative. Also, as the Company expands its trucking operations, its ability to generate

"back-haul" revenue is likely to lag behind the cost increases associated with such expansion. In addition, if the Company is not successful in improving the operating efficiencies of its trucking operations or if the Company's strategy of obtaining additional "back-haul" revenue for its trucks to offset the additional costs of maintaining its leased trucks versus using common carriers is not successful, the Company may have to abandon its strategy of using its leased trucks to deliver its products to customers. The Company does not believe that this action, including terminating these operating leases, would have a material effect on its financial condition; however, the Company is unable to predict what effect, if any, such change would have on the Company's customers and the ability of the Company to successfully market its products. Even if the Company were to be successful in generating a positive gross margin, the Company will require significant additional revenue growth to fund the Company's existing and anticipated selling, general and administrative expenses and interest expense. No assurance can be given that the Company will be able to increase sales in a sufficient amount to cover such expenses, or that such expenses will not increase in the future. See "Risk Factors -- Continuing Losses; Accumulated Deficit; Negative Gross Margins."

NEW ACCOUNTING PRONOUNCEMENTS

In March 1997, the FASB issued SFAS No. 128, "Earnings per Share." This Statement establishes standards for computing and presenting earnings per share ("EPS") and applies to all entities with publicly-held common shares or potential common shares. This Statement replaces the presentation of primary EPS and fully-diluted EPS with a presentation of basic EPS and diluted EPS, respectively. Basic EPS excludes dilution and is computed by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding for the period. Similar to fully diluted EPS, diluted EPS reflects the potential dilution of securities that could share in the earnings. This Statement is not expected to have a material effect on the Company's reported EPS amounts. The Statement is effective for the Company's financial statements for the year ending December 31, 1997.

BUSINESS

GENERAL

Rockwell Medical Technologies, Inc. manufactures hemodialysis concentrates and dialysis kits, and sells, distributes and delivers such concentrates and dialysis kits, as well as over 120 other hemodialysis products, to hemodialysis providers in the United States. Hemodialysis is a process which is able to duplicate kidney function in patients whose kidneys have failed to function properly. Without properly functioning kidneys, the patient's body cannot rid itself of excess water and waste products nor regulate the amount of electrolytes in the patient's blood. Without hemodialysis, these patients would die.

INDUSTRY BACKGROUND

Hemodialysis patients are classified into three categories: (i) "end stage renal disease patients," which are those patients who must have hemodialysis treatments for the remainder of their lives or until they receive a successful kidney transplant, (ii) "chronic patients," which are those patients who do not currently require hemodialysis treatments but are suffering a gradual and progressive loss of kidney function which typically progresses to "end stage renal disease" requiring hemodialysis treatments, and (iii) "acute patients," which are those patients who have suffered a rapid and sudden loss of kidney function and require only temporary hemodialysis until their kidneys begin to function properly again. In 1995, there were an estimated 200,000 end stage renal disease patients and 700,000 chronic patients, according to the DHHS. In addition, an estimated 250,000 persons in the United States suffer acute renal failure each year. Most patients undergoing hemodialysis treatment generally receive three treatments per week or 156 treatments per year, although the amount of weekly treatments may vary.

A hemodialysis provider such as a hospital or a free standing clinic uses hemodialysis stations to treat patients. A hemodialysis station contains a dialysis machine that takes a concentrate solution and certain chemical powders, such as the Company's solutions and powders, and accurately dilutes them with purified water. The resulting solution, known as dialysate, is then pumped through a device known as an artificial kidney (dialyzer), while at the same time the patient's blood is pumped through a membrane within the dialyzer. Excess water and chemicals from the patient's blood pass through the membrane and are carried away in the dialysate while certain chemicals in the dialysate penetrate the membrane and enter the patient's blood to maintain proper chemical levels in the body. Dialysate generally contains dextrose, sodium, calcium, potassium, magnesium, chloride and acetic acid. The patient's physician prescribes the formula required for each patient based on each particular patient's needs, although most patients receive one of eight common formulations.

In addition to using concentrate solutions and chemical powders (which must be replaced for each use by each patient), a dialysis station also requires various other ancillary products such as dialysis on-off kits, sterile subclavian dressing change trays, arterial and venous blood tubing lines, fistula needles, intravenous administration sets, transducer protectors, dialyzers and over 120 other ancillary products, all of which the Company sells.

INDUSTRY TRENDS

Hemodialysis patients generally receive their treatment at hospitals or independent hemodialysis providers. According to the U.S. Department of Health and Human Services (the "DHHS"), since 1973 the total number of hemodialysis providers in the United States has more than quintupled from 606 in 1973 to over 3,082 in December 1996. Independent providers comprised 2,212 of such providers and hospitals comprised 746 of such providers. The Company currently supplies over 220 hemodialysis providers in 18 states across the United States, as well as hemodialysis providers in Venezuela. The number of patients receiving hemodialysis has also grown substantially in recent years. According to the DHHS, in 1985, there were approximately 68,390 patients receiving hemodialysis treatments in the United States. It is estimated by the DHHS that in 1996 over 216,000 patients received hemodialysis treatments. According to the DHHS, from 1985 to 1996, the number of hemodialysis stations, which are areas equipped to provide adequate and safe dialysis therapy, grew from 17,845 stations to 45,244 stations.

STRATEGY

The Company's objective is to increase its market share in the expanding hemodialysis market and improve profitability by implementing the following strategies:

- Acting as a Single Source Supplier. By continuing offering over 120 different products used by hemodialysis providers, the Company has positioned itself as a "one-stop-shop" to its customers for the concentrates, chemicals and supplies necessary to support a hemodialysis operation. Some of the Company's competitors for concentrates do not offer a full line of hemodialysis products, requiring customers to do business with a number of suppliers in order to purchase necessary supplies. The Company has entered into agreements with ancillary product manufacturers, which allow the Company to be a "full-line" supplier of hemodialysis products.
- Increasing Revenue through Sales of New Products and Increased "Back-Haul" Revenue. The Company intends to manufacture and/or distribute additional hemodialysis products not currently offered by the Company, which products may offer opportunities to earn higher profit margins than some of the Company's existing products (based on current selling prices in the marketplace and the Company's estimated costs to produce such products). For example, the Company recently obtained a 510(k) approval from the FDA to market liquid bicarbonate, a product used primarily by acute care hemodialysis providers and certain chronic care providers. The Company intends to install a production line to manufacture liquid bicarbonate, although no assurance can be given that the Company will be successful in establishing a production line for such product or that the Company can successfully market such product. In addition, the Company intends to pursue additional contracts for its trucks to act as common carriers for third parties during their return to the Company's manufacturing facility after a delivery of the Company's products.
- Offering a Higher Level of Customer Service. By using its own delivery vehicles and drivers, the Company believes that it can offer a higher level of customer service to hemodialysis providers than if it relied primarily on the use of common carriers to distribute its products. However, if the Company is not successful in improving the operating efficiencies of its trucking operations or implementing its strategy of obtaining additional "back-haul" revenue to cover the additional costs associated with maintaining a fleet of trucks as opposed to using common carriers, the Company may be forced to abandon this strategy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Plan of Operation" and "-- Trucking Operations."

In addition, the Company employs experienced personnel to operate its manufacturing plant and has purchased "state-of-the-art" laboratory and manufacturing equipment.

PRODUCTS

The Company manufactures hemodialysis concentrates and dialysis kits, and sells, distributes and delivers such products, as well as a full line of over 120 ancillary hemodialysis products to hemodialysis providers located in 18 states in the United States. Through the Company's wholly-owned subsidiary, Rockwell Transportation, Inc., the Company leases and operates a fleet of ten tractor-trailers which it uses to deliver its products to customers.

On June 16, 1997, the Company obtained 510(k) clearance from the FDA to market liquid bicarbonate, a product used primarily by acute care hemodialysis providers and certain chronic care providers. Upon completion of the Offering, the Company intends to acquire and install equipment necessary to manufacture and package liquid bicarbonate and to market such product. No assurance can be given that the Company will be successful in establishing a production line for liquid bicarbonate or that the Company can successfully market such product on a profitable basis. See "Use of Proceeds."

TRUCKING OPERATIONS

The Company's wholly-owned subsidiary, Rockwell Transportation, Inc., directly delivers substantially all of the products the Company sells through a fleet of nine tractor-trailers that the Company leases from a truck leasing company pursuant to a two-year lease. The Company currently employs ten drivers to operate its truck fleet, one dispatcher and one person to manage its trucking operations. The Company's hemodialysis concentrates are generally packaged in 55 gallon re-usable drums weighing approximately 580 pounds each. The Company's drivers perform services for customers that are generally not available from common carriers, such as stock rotation, non-loading-dock delivery and drum pump-offs, which require the driver to pump hemodialysis concentrates from the 55 gallon drums into larger holding tanks within the hemodialysis clinic. The Company's main competitors generally use common carriers for delivery of their products. The Company believes it offers a high level of service to its customers through the use of its own delivery vehicles and drivers.

As a result of using its own fleet of delivery trucks to deliver its products, the Company's transportation costs have been approximately twice the cost of hiring common carriers to deliver products. The Company believes that it can offset such higher costs by contracting with third parties for its trucks to act as common carriers during their return to the Company's manufacturing facility after a delivery of concentrates and other products. In March 1997, the Company hired an experienced manager to manage its trucking operations and to develop and implement a plan to improve the operating efficiencies of the trucking operations and to begin soliciting "back-haul" revenue. Although the Company has been successful in generating back-haul revenue, to date the Company has not generated a sufficient volume of such back-haul revenue to cover the additional costs associated with the Company's trucking operations. If the Company were unsuccessful in obtaining sufficient revenue to cover the additional costs associated with using its own trucks for deliveries, the Company may consider abandoning its strategy of using its own trucks, and hire common carriers or make other arrangements to deliver its products. The Company is unable to predict what effect, if any, such change in strategy would have on the Company's customers, or on its ability to market its products. Additionally, as the Company's business expands, the Company may expand its fleet of delivery trucks to accommodate such increased business. If the Company expands its fleet of trucks, the amount of "back-haul" revenue that will be necessary to cover the excess costs of maintaining such fleet will also increase.

Under the terms of the Company's leasing arrangement with its truck leasing company, the leasing company is responsible for the maintenance necessary to keep the trucks in good operating condition. The Company's trucking operations are and will continue to be subject to various state and federal regulations, which if changed or modified, could adversely affect the Company's business, financial condition and results of operations.

SALES AND MARKETING

The Company sells its products to hemodialysis providers through two independent sales representative companies, one direct salesperson employed by the Company and two independent distributors. The independent sales representative companies are paid on a commission only basis and are responsible for paying their own expenses. The Company's direct salesperson is an employee of the Company and is paid a salary plus a commission. In addition, the Company sells its products to hemodialysis distributors who employ their own sales force to sell products purchased from the Company.

In addition to selling products in the United States, the Company has, from time to time, sold hemodialysis products for use at clinics located in Venezuela. Such sales have been obtained in a competitive bidding process, and no assurance can be given that the Company will be successful in obtaining such sales in the future. For the period from February 20, 1997 to September 30, 1997, sales of the Company's products for use at clinics in Venezuela accounted for approximately 9.8% of the Company's total sales during such period. Such sales consisted of acetate concentrate. The Company sells such products primarily to several Miami-based distributors, who then sell the products to the government of Venezuela through a competitive bidding process.

COMPETITION

Other than the Company, there are currently three other major suppliers of concentrates and/or ancillary products used by hemodialysis clinics. The other major suppliers of hemodialysis products are Gambro Healthcare ("Gambro"), which supplies concentrates and blood tubing and also owns clinics which treat approximately 22,000 hemodialysis patients (assuming completion of the recently announced acquisition of Vivra Renal Care, Inc. by Gambro), Fresenius Medical Care, Inc. ("Fresenius"), which supplies concentrates, blood tubing, ancillary products and also owns clinics which treat approximately 44,000 hemodialysis patients, and Renal Systems (a division of Minntech Corporation), which supplies concentrates and renalin, a specialty product used to sterilize dialyzer machines, but does not carry a wide line of hemodialysis products.

Two of the Company's major competitors, Gambro and Fresenius, own and operate a substantial number of hemodialysis clinics which compete for patients in the same markets as the providers and hospitals to which they sell hemodialysis products. Although the Company believes that its business strategies provide it with competitive advantages over each of its three major competitors, each of such competitors is a more established company with substantially greater financial, technical, manufacturing, marketing, research and development and management resources than those of the Company and well established reputations, customer relationships and marketing and distribution networks. The Company believes that many of the Company's products are commodities, including its concentrates, and therefore, believes that price, customer service and convenience are the principal competitive factors in the hemodialysis products industry. There can be no assurance that the Company will be able to compete successfully in the future. See "Risk Factors -- Competition."

QUALITY ASSURANCE/CONTROL

To assure quality and consistency of the Company's concentrates, the Company conducts rigorous testing during the manufacturing process. Once a batch of product is mixed, the Company's in-house quality control laboratory conducts tests to verify that the chemical properties of the mix match the specifications required by the particular customer. Upon verification that the batch meets the specifications, the Company packages concentrates into either one-gallon containers or 55-gallon drums. The Company further tests packaged concentrate samples at the beginning and end of each production run to assure product consistency during the filling process. Once the packaged product passes the final tests, the product is released for shipment.

The Company has purchased new testing equipment it believes to be "state-of-the-art" in order to assure quality and consistency in the manufacture of its concentrates. The equipment allows the Company to analyze the materials used in the hemodialysis concentrate manufacturing process, to assay and adjust the in-process hemodialysis concentrate, and to assay and certify that the finished products are within the chemical and biological specifications required by the clinics. In addition, the Company's testing equipment allows it to reduce the costs of performing necessary tests while improving the accuracy of such tests. The Company also has been able to reduce the amount of labor and maintenance necessary to perform such tests and maintain the equipment.

The Company's quality assurance department is managed by Ruth E. Homsher, Ph.D., manager of the Quality Control Laboratory. Dr. Homsher is directly responsible for all testing procedures, validation techniques and related customer quality issues. For a description of Dr. Homsher's background, see "Management."

GOVERNMENT REGULATION

The testing, manufacture and sale of the Company's hemodialysis concentrates and the ancillary products distributed by the Company are subject to regulation by numerous governmental authorities, principally the FDA and corresponding state and foreign agencies. Pursuant to the Federal Food, Drug, and Cosmetic Act, and the regulations promulgated thereunder, the FDA regulates the preclinical and clinical testing, manufacture, labeling, distribution and promotion of medical devices. Noncompliance with applicable requirements can result in, among other things, fines, injunctions, civil penalties, recall or seizure of products, total or partial

suspension of production, failure of the government to grant premarket clearance or premarket approval for devices, withdrawal of marketing clearances or approvals and criminal prosecution.

A medical device may be marketed in the United States only with prior authorization from the FDA unless it is subject to a specific exemption. Devices classified by the FDA as posing less risk than class III devices are categorized as class I (general controls) or class II (general and specific controls) and are eligible to seek "510(k) clearance." Such clearance generally is granted when submitted information establishes that a proposed device is "substantially equivalent" in intended use to a class I or II device already legally on the market or to a "preamendment" class III device (i.e., one that has been in commercial distribution since before May 28, 1976) for which the FDA has not called for PMA applications (as defined below). The FDA in recent years has been requiring a more rigorous demonstration of substantial equivalence than in the past, including requiring clinical trial data in some cases. For any devices that are cleared through the 510(k) process, modifications or enhancements that could significantly affect safety or effectiveness, or constitute a major change in the intended use of the device, will require new 510(k) submissions. The Company believes that it now usually takes from one to four months from the date of submission to obtain 510(k) clearance, but it can take substantially longer. The Company's hemodialysis concentrates, liquid bicarbonate and other ancillary products are categorized as class II devices.

A device requiring prior marketing authorization that does not qualify for 510(k) clearance is categorized as class III, which is reserved for devices classified by FDA as posing the greatest risk (e.g., life-sustaining, life-supporting or implantable devices), or devices that are not substantially equivalent to a legally marketed class I or class II device. A class III device generally must receive approval of a premarket approval ("PMA") application, which requires proving the safety and effectiveness of the device to the FDA. The process of obtaining PMA approval is expensive and uncertain. The Company believes that it usually takes from one to three years after filing, but it can take longer.

If human clinical trials of a device are required, whether for a 510(k) submission or a PMA application, and the device presents a "significant risk," the sponsor of the trial (usually the manufacturer or the distributor of the device) will have to file an investigational device exemption ("IDE") application prior to commencing human clinical trials. The IDE application must be supported by data, typically including the results of animal and laboratory testing. If the IDE application is approved by the FDA and one or more appropriate Institutional Review Boards ("IRBs"), human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a "nonsignificant risk" to the patient, a sponsor may begin the clinical trial after obtaining approval for the study by one or more appropriate IRBs without the need for FDA approval.

Any devices manufactured or distributed by the Company pursuant to FDA clearances or approvals are subject to pervasive and continuing regulation by the FDA and certain state agencies. Manufacturers of medical devices for marketing in the United States are required to adhere to applicable regulations setting forth detailed Good Manufacturing Practices requirements, which including testing, control and documentation requirements. The FDA has recently finalized changes to the GMP regulations that will likely increase the cost of compliance with GMP requirements. Manufacturers and distributors must also comply with Medical Device Reporting ("MDR") requirements that a firm report to the FDA any incident in which its product may have caused or contributed to a death or serious injury, or in which its product malfunctioned and, if the malfunction were to recur, it would be likely to cause or contribute to a death or serious injury. Labeling and promotional activities are subject to scrutiny by the FDA and, in certain circumstances, by the Federal Trade Commission. Current FDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses.

The Company is subject to routine inspection by the FDA and certain state agencies for compliance with GMP requirements and other applicable regulations. The Company also is subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances.

The Supply Company received 510(k) clearance from the FDA to market hemodialysis concentrate solutions and powders on March 1, 1996. Such 510(k) clearance was assigned to the Company on

February 19, 1997, in connection with the purchase of the Predecessor Company. In addition, the Company received 510(k) clearance from the FDA to market liquid bicarbonate on June 16, 1997. The Company's retention of such 510(k) clearances also is dependent upon its compliance with the FDA Act and related laws and regulations, including GMP regulations. There can be no assurance that the Company will maintain its 510(k) authority from the FDA to manufacture and distribute its products. Failure to do so could result in the need to cease manufacturing and/or distributing Company products, which would have a material adverse effect on the Company's business, financial condition and results of operations. If any of the Company's FDA clearances are denied or rescinded, sales of the Company's product in the United States would be prohibited during the period the Company does not have such clearances.

PROPERTIES

The Company leases an approximately 32,500 square foot facility located in Wixom, Michigan, which is comprised of manufacturing, warehouse, office and laboratory space. The Company is party to a lease (the "Lease") covering such facility that expires on December 15, 2000 and provides for a monthly rental payment of \$19,770.83, plus a monthly escrow deposit of \$2,217.90 to fund real estate taxes. This facility was formerly leased by the Predecessor Company, and the Lease was assigned to the Company in connection with the acquisition of the Predecessor Company's business. In connection with such assignment of the Lease, the landlord required the Company to deposit into escrow \$178,000, which is to be applied against future lease payments and as additional security deposit in accordance with the assignment agreement. The Company believes that its facilities are suitable and adequate for its current operations, but may not be adequate if the Company expands its operations.

SUPPLIERS

The Company believes that the raw materials for the Company's hemodialysis concentrates, the components for the Company's hemodialysis kits and the ancillary hemodialysis products distributed by the Company are generally available from several potential suppliers.

EMPLOYEES

As of the date of this Prospectus, the Company has 39 employees, of which one is a direct salesperson, three are laboratory technicians, ten are truck drivers and eight are engaged in corporate management and administration. The remaining 17 employees are hourly workers including secretaries and plant employees. The Company's arrangements with its employees are not governed by any collective bargaining agreement. All employees, except Mr. Chioini, are employed on an "at-will" basis. If the Company's sales volumes increase, the Company expects to add additional production and administrative personnel and truck drivers.

LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceedings.

MANAGEMENT

DIRECTORS, EXECUTIVE OFFICERS AND KEY EMPLOYEES.

The directors, executive officers and key employees of the Company and the positions held by them are as follows:

NAME ----	AGE ---	POSITION -----
Robert L. Chioini.....	33	President, Chief Executive Officer and Director
Gary D. Lewis.....	46	Chairman of the Board
Michael J. Xirinachs.....	37	Director
Norman L. McKee.....	41	Director
James J. Connor.....	45	Vice President of Finance, Chief Financial Officer, Treasurer and Secretary
Donald A. Danald.....	53	Vice President of Regulatory Affairs
Ruth E. Homsher, Ph.D.....	51	Manager, Quality Control Laboratory

ROBERT L. CHIOINI is a founder of the Company, has served as the President and Chief Executive Officer of the Company since February 1997, and has been a director of the Company since its formation in October 1996. From January 1996 to February 1997, Mr. Chioini served as Director of Operations of Rockwell Medical Supplies, LLC, a company which manufactured hemodialysis concentrates and distributed such concentrates and other hemodialysis products. From January 1995 to January 1996, Mr. Chioini served as President of Rockwell Medical, Inc., a company which manufactured hemodialysis kits and distributed such kits and other hemodialysis products. From 1993 to 1995, Mr. Chioini served as a Regional Sales Manager at Dial Medical of Florida, Inc., currently Gambro Healthcare, a company which manufactures and distributes hemodialysis concentrates and owns hemodialysis clinics. From 1990 to 1993, Mr. Chioini served as a Regional Sales Manager for R. Louis Enterprises, Inc., a medical products distributor. Mr. Chioini is a party to an employment agreement with the Company which expires February 19, 2000.

GARY D. LEWIS is a founder of the Company and has been Chairman of the Board of Directors of the Company since its formation in October 1996. Mr. Lewis also served as Secretary and Treasurer of the Company from October 1996 to July 1997. Mr. Lewis has also served as President of OmniSource, Inc., a medical device distributor, since December 1994. Mr. Lewis also founded and served as President and Chief Executive Officer of Somanetics Corporation, a medical device manufacturer, from its inception in 1982 to February 1995. Mr. Lewis is also a majority stockholder of, and serves as President and a director of, Wall Street Partners, Inc. ("Wall Street"), a management consulting firm that provides business consulting services to the Company. See "Certain Transactions - - Consulting Agreement."

MICHAEL J. XIRINACHS is a founder of the Company and has been a director of the Company since its formation. Mr. Xirinachs also serves as a Senior Vice President of Investments of D.H. Blair & Co., Inc., an investment banking firm which Mr. Xirinachs joined in 1988. Mr. Xirinachs is also a stockholder of, and serves as Vice President and a director of, Wall Street. See "Certain Transactions - - Consulting Agreement."

NORMAN L. MCKEE joined the Board of Directors of the Company in July 1997. In July 1997, Mr. McKee founded, and currently serves as the President of, Strategic Growth Management, Inc., a management consulting firm. Mr. McKee served as Senior Vice President, Treasurer and Chief Financial Officer of Saga Communications, Inc. ("Saga"), a company which owns and operates radio stations and a television station, from 1994 to July 1997. From 1988 to 1994, Mr. McKee served as Vice President, Treasurer and Chief Financial Officer of Saga. Mr. McKee also served on the Board of Directors of Saga from 1992 to July 1997.

JAMES J. CONNOR has served as the Vice President of Finance, Chief Financial Officer, Treasurer and Secretary of the Company since July 1997. From May 1995 to July 1997, Mr. Connor founded and was a principal of Connor & Connor, a financial services consulting firm. From January 1992 to May 1995,

Mr. Connor served as the President of Glacier Vandervell, Inc., an automotive and diesel engine bearing manufacturer that supplies products to OEM customers in the automotive industry.

DONALD A. DANALD joined the Predecessor Company in April 1996 as Vice President of Regulatory Affairs and joined the Company in the same capacity after the acquisition of the Predecessor Company's business. From 1990 to April 1996, Mr. Danald was a manager of the Laboratory and Quality Control departments at Dial Medical of Florida, Inc., currently Gambro Healthcare, a competitor of the Company. See "Business -- Competition."

RUTH E. HOMSHER, PH.D., joined the Predecessor Company in January 1996 as Manager of the Quality Control Laboratory and joined the Company in the same capacity after the acquisition of the Predecessor Company's business. From December 1995 to January 1996, Dr. Homsher worked as an independent clinical laboratory consultant. From January 1994 to December 1995, Dr. Homsher was the Director of Quality Assurance and Technical support for Brendan Scientific, a manufacturer of quality control software for clinical, research and industrial laboratories. From February 1993 to December 1994, Dr. Homsher was a Senior Research Scientist at McCann Associates, a manufacturer of diagnostic and clinical reagents. From January 1990 to January 1993, Dr. Homsher was a clinical chemist and quality assurance specialist for Roche Biomedical Laboratories, Inc., a reference laboratory for clinical laboratories.

The Company's Articles of Incorporation, as amended (the "Articles of Incorporation"), provide for a staggered Board of Directors, whereby the directors are divided into three classes (as nearly equal in number as feasible). The initial terms of each of the classes of directors expires at the annual meetings of the shareholders to be held in 1998, 1999 and 2000 for the Class I, Class II and Class III directors, respectively. Thereafter, the term of each class shall be for three years or until their successors are elected and qualified or until their earlier death, resignation or removal. Pursuant to the Company's Articles of Incorporation, directors may be removed only for cause. The following directors have been elected to fill the following classes: Class I (initial term until the 1998 annual meeting) -- Mr. Lewis and Mr. McKee; Class II (initial term until the 1999 annual meeting) -- Mr. Xirinachs; and Class III (initial term until the 2000 annual meeting) -- Mr. Chioini. The Company's Board of Directors has an Audit Committee which is composed of Messrs. Lewis and McKee. The Audit Committee, among other duties, selects the Company's independent accountants and is primarily responsible for approving the services performed by the Company's independent accountants and for reviewing and evaluating the Company's accounting policies and its system of internal accounting controls.

Officers serve at the discretion of the Board of Directors. Pursuant to the Underwriting Agreement, the Company has agreed, for a period of no less than three years from the Effective Date, to engage a designee, acceptable to the Underwriter and the Company, to serve as an Advisor to the Company's Board of Directors. Such Advisor shall be entitled to attend all meetings of the Board of Directors, to receive all notices and other correspondence and communications sent by the Company to its directors, and to receive compensation equal to the compensation paid to nonemployee directors of the Company. The Company has also agreed that, in lieu of the Underwriter's right to designate an Advisor, the Underwriter has the right to designate one person for election as a director, and the Company has agreed to use its best efforts to cause such designee to be elected to the Board of Directors.

COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation awarded to, earned by or paid to the Company's Chief Executive Officer for the year ended December 31, 1996 by the Predecessor Company. During the year ended December 31, 1996, no other officers earned in excess of \$100,000 in total annual salary and bonus.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION	
		SALARY (\$)	OTHER ANNUAL COMPENSATION (\$)
Robert L. Chioini, President and Chief Executive Officer...	1996(1)	\$59,000	\$5,800(2)

(1) Reflects amounts paid by the Predecessor Company to Mr. Chioini for such fiscal year. The Company did not commence operations until February 1997. On February 19, 1997, the Company entered into a three-year employment agreement with Mr. Chioini pursuant to which Mr. Chioini is being paid an annual salary of \$115,000 plus certain other perquisites. Upon completion of the Offering, Mr. Chioini's salary will be increased to an annual rate of \$150,000. See " -- Employment Agreements."

(2) Represents reimbursement of expenses incurred by Mr. Chioini relating to the personal use of a Company automobile.

In July 1997, Mr. Chioini was granted on option to purchase 90,000 Common Shares at a per share exercise price of \$3.00, under the Company's 1997 Stock Option Plan. Such option vests in 25% cumulative annual installments beginning on the date of grant.

COMPENSATION OF DIRECTORS

The Company's directors who are not officers or employees of the Company (collectively, the "Outside Directors") receive \$1,000 for each Board meeting attended in person and \$250 for each telephonic Board meeting attended. The Company also reimburses Outside Directors for their reasonable expenses of attending Board and Board committee meetings.

In July 1997, the Board of Directors and shareholders of the Company adopted the Rockwell Medical Technologies, Inc. 1997 Stock Option Plan (the "Stock Option Plan"). The Stock Option Plan permits the Board of Directors, among other things, to grant options to purchase Common Shares to directors of the Company, including Outside Directors. In July 1997, the Board of Directors granted to each of the three existing Outside Directors options to purchase 20,000 Common Shares at a per share exercise price of \$3.00. Upon the election of any new member to the Board of Directors who is an Outside Director, the Board of Directors intends to grant to such member an option to purchase 20,000 Common Shares at a per share exercise price equal to the fair market value of a Common Share at the date of grant. Beginning with the first annual meeting of the shareholders of the Company after July 1997, provided that a sufficient number of Common Shares remain available under the Stock Option Plan, on each date on which an annual meeting of the shareholders of the Company is held, the Board of Directors intends to grant to each Outside Director who is then serving on the Board of Directors, an option to purchase 5,000 Common Shares. The exercise price of the options will be the fair market value of the Common Shares on the date of grant. The options granted to Outside Directors under the Stock Option Plan will become fully exercisable on the first anniversary of the date of grant. Such options will expire ten years after the date of grant. If an Outside Director becomes an officer or employee of the Company and continues to serve as a member of the Board of Directors, options granted under the Stock Option Plan will remain exercisable in full.

For a description of the Company's consulting agreement with Wall Street, a consulting company owned by Mr. Lewis and Mr. Xirinachs, each of whom is a director of the Company, see "Certain Transactions--Consulting Agreement."

EMPLOYMENT AGREEMENT

The Company entered into an employment agreement with Robert L. Chioini in February 1997, pursuant to which Mr. Chioini is employed as the President and Chief Executive Officer of the Company for a period ending February 19, 2000. Mr. Chioini's base salary is \$115,000, which may be increased by the Board of Directors. The Board has increased his salary to \$150,000 effective on the closing date of this Offering. Mr. Chioini's employment agreement contains a three year non-compete provision and provides for him to devote his full-time and attention to the Company's business.

INDEMNIFICATION OF DIRECTORS AND OFFICERS AND LIMITATION ON DIRECTORS' LIABILITY

The Michigan Business Corporation Act, as amended, authorizes a corporation under specified circumstances to indemnify its directors and officers (including reimbursement for expenses incurred). The provisions of the Company's Bylaws relating to indemnification of directors and executive officers generally provide that directors and executive officers will be indemnified to the fullest extent permissible under Michigan law. The provision also provides for the advancement of litigation expenses at the request of a director or executive officer. These obligations are broad enough to permit indemnification with respect to liabilities arising under the Securities Act or the Michigan Uniform Securities Act, as amended. The Company believes that such indemnification will assist the Company in continuing to attract and retain talented directors and officers in light of the risk of litigation directed against directors and officers of publicly-held corporations.

The Michigan Business Corporation Act, as amended, also permits Michigan corporations to limit the personal liability of directors for a breach of their fiduciary duty. The provisions of the Company's Articles of Incorporation limit director liability to the maximum extent currently permitted by Michigan law. Michigan law allows a corporation to provide in its articles of incorporation that a director of the corporation will not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability for specified acts. As a result of the inclusion of such a provision, shareholders of the Company may be unable to recover monetary damages against directors for actions taken by them which constitute negligence or gross negligence or which are in violation of their fiduciary duties, although it may be possible to obtain injunctive or other equitable relief with respect to such actions. If equitable remedies are found not to be available to shareholders in any particular case, shareholders may not have any effective remedy against the challenged conduct. These provisions, however, do not affect liability under the Securities Act.

In addition, the Company has obtained Directors' and Officers' liability insurance. The policy provides for \$2,000,000 in coverage including prior acts dating to the Company's inception and liabilities under the Securities Act in connection with this Offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

CERTAIN TRANSACTIONS

FORMATION OF THE COMPANY

In October 1996, Messrs. Chioini, Lewis and Xirinachs founded the Company. In connection with the formation of the Company Messrs. Chioini, Lewis and Xirinachs received 500,000, 750,000 and 750,000 shares, respectively, of the Company's Common Shares for an aggregate purchase price of \$1,000.

ACQUISITION OF BUSINESS OF PREDECESSOR COMPANY

On February 19, 1997, the Company acquired the business of the Predecessor Company for total consideration of \$2,441,664.47 pursuant to an Asset Purchase Agreement dated as of November 1, 1996, as

amended (the "Asset Purchase Agreement"). Mr. Robert L. Chioini, the President, Chief Executive Officer and a director of the Company, owns a 20% equity interest in the Supply Company. The purchase price consisted of: (i) \$150,000 paid to the Sellers in cash; (ii) a cash payment to NBD Bank of approximately \$375,000 to retire an outstanding debt owed by the Predecessor Company to NBD Bank; and (iii) an 8.5% promissory note in the principal amount of \$1,916,664.47 made by the Company in favor of the Supply Company (the "Note"). Under the terms of the Note and the Asset Purchase Agreement, a prepayment of \$500,000 on the Note was due on May 19, 1997, which date was extended by the Supply Company to May 31, 1997. Pursuant to a letter agreement dated April 4, 1997, the Supply Company agreed that, upon receipt of the \$500,000 prepayment on the Note, the remaining principal balance under the Note would be converted into shares of Series A Preferred Stock at a conversion ratio of one share of Series A Preferred Stock for each \$1.00 of outstanding principal due under the Note. The Company made the required \$500,000 prepayment under the Note and the Note was converted into 1,416,664 shares of Series A Preferred Stock.

In accordance with the terms of the Asset Purchase Agreement, the purchase price paid by the Company for the Predecessor Company's business was reduced by \$320,749 based on a provision in the Asset Purchase Agreement which provides that the purchase price will be reduced on a dollar for dollar basis to the extent that the net worth of the Predecessor Company at the closing of the acquisition is below a target amount set forth in the Asset Purchase Agreement. 320,749 shares of Series A Preferred Stock were surrendered by the Supply Company to the Company for cancellation in payment of such purchase price adjustment. Under the terms of the Series A Preferred Stock, the Company is obligated to redeem the remaining 1,095,915 shares of Series A Preferred Stock on or before January 31, 1998 (the "Mandatory Redemption Date"), at a redemption price of \$1.00 per share, plus any accrued and unpaid dividends from June 1, 1997. The Company's obligation to redeem the Series A Preferred Stock has been guaranteed (the "Guaranty") by each of Messrs. Chioini, Lewis and Xirinachs, and such Guaranty is secured by the pledge of 1,143,500 Common Shares (the "Pledged Shares") owned by such Principal Shareholders pursuant to an Escrow Agreement dated as of July 22, 1997 (the "Escrow Agreement"). The Company has determined that the redemption price for the Series A Preferred Stock will be \$1,144,916 on December 10, 1997 after adjusting such price to reflect a reduction in the purchase price for the Predecessor Company's business in accordance with the Asset Purchase Agreement. If the Company fails to redeem the outstanding shares of Series A Preferred Stock on or before the Mandatory Redemption Date, the Supply Company has a period of 45 days following such date to elect either to: (i) exercise its rights under the Guaranty and the Escrow Agreement to retain the Pledged Shares which remain held in escrow, in full satisfaction and discharge of the Guaranty and the Company's obligation to redeem the Series A Preferred Stock; or (ii) terminate its rights under the Guaranty, relinquish and terminate its interest in the Pledged Shares and proceed against the Company to collect the outstanding redemption payment. In addition to the mandatory redemption discussed above, the Company has the right to redeem shares of Series A Preferred Stock at any time prior to the Mandatory Redemption Date. The Company intends to use a portion of the net proceeds of this Offering to fund the payment of the redemption price necessary to redeem the Series A Preferred Stock. See "Use of Proceeds."

In addition, in connection with the purchase of the business from the Predecessor Company, the Company paid \$178,000 to the landlord under the Lease, as a prepayment of future rents and as an additional security deposit in order to induce such landlord to consent to the assignment of the Lease and to release the Predecessor Company and its shareholders, including Mr. Chioini, from their obligations under the Lease. See "Business -- Properties."

CONSULTING AGREEMENT

The Company is party to a consulting agreement with Wall Street dated as of February 19, 1997 pursuant to which Wall Street provides management and financial consulting services to the Company. The Company has agreed to pay Wall Street a consulting fee of \$25,000 per month from the date of the agreement through June 30, 1997, subject to renewal upon the mutual agreement of the Company and Wall Street. Prior to February 19, 1997, Wall Street rendered consulting services to the Company beginning in November 1996, for a consulting fee of \$25,000 per month. Wall Street is owned by Gary D. Lewis and by Michael J. Xirinachs, each of whom are founders of the Company and serve as Directors of the Company. The Company has paid or

accrued an aggregate of \$275,000 in consulting fees to Wall Street under these arrangements through September 30, 1997.

SHAREHOLDER LOANS

On April 29, 1997, Messrs. Chioini, Lewis and Xirinachs loaned \$50,000, \$25,000 and \$50,000, respectively, to the Company. The loans were evidenced by 8.5% promissory notes in the amounts of \$50,000, \$25,000 and \$50,000, respectively. The Company repaid such loans, including accrued interest, in June, 1997.

In November 1997, the Company obtained a \$100,000 loan from Mr. Xirinachs. The loan bears interest at the rate of 24% per annum and matures on February 11, 1998. Mr. Xirinachs is a founder of the Company and serves as a Director of the Company. The Company intends to repay this loan with a portion of the net proceeds of the Offering. See "Use of Proceeds."

RELATED-PARTY LOAN

In July 1997, the Company obtained a loan from Karen Bagley in the principal amount of \$100,000 to pay employee salaries and other accrued expenses. The loan bears interest at an annual rate of 24% per annum and is payable in full, including accrued interest, on a demand basis. Karen Bagley is the wife of Patrick Bagley, whose firm serves as legal counsel to the Company on certain matters and also to Mr. Robert L. Chioini in a personal capacity. Mr. Chioini is the President, Chief Executive Officer and a Director of the Company. The Company intends to repay such loan upon completion of the Offering with a portion of the net proceeds of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview" and "Use of Proceeds."

SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of November 21, 1997, certain information concerning the Common Shares beneficially owned by each director and the chief executive officer of the Company, by all executive officers and directors of the Company as a group, and by each shareholder that is a beneficial owner of more than 5% of the outstanding Common Shares:

NAME	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENTAGE BENEFICIALLY OWNED	
		BEFORE THE OFFERING(2)	AFTER THE OFFERING(3)
Gary D. Lewis(4)(5)(6).....	750,000	24.9%	15.2%
Michael J. Xirinachs(4)(6).....	750,000	24.9%	15.2%
Robert L. Chioini(4)(6)(7).....	522,500	17.2%	10.5%
Norman L. McKee.....	0	--	--
All directors and executive officers as a group (6 persons)(8).....	2,043,750	66.8%	41.0%

(1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated, subject to community property laws, where applicable. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above as of the date of the table, any security which such person or group of persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership for such person or persons, but it not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2) Based on 3,015,000 Common Shares outstanding as of July 21, 1997.

(3) Based on 4,938,750 Common Shares outstanding, assuming all 1,800,000 Common Shares offered hereby are sold to third parties and assuming the issuance of 123,750 Additional Shares to investors in the First Prior Financing. See "Description of Securities -- Prior Financings."

(4) Address is c/o the Company, 28025 Oakland Oaks Drive, Wixom, Michigan 48393.

(5) Includes 675,000 Common Shares owned jointly with Mr. Lewis's wife and 75,000 Common Shares held in custodial accounts for the benefit of Mr. Lewis's three minor children.

(6) 554,347, 554,347, and 369,566 of Common Shares owned by Mr. Lewis, Mr. Xirinachs and Mr. Chioini, respectively, have been pledged to secure their obligations under the Guaranty to the Supply Company of the Company's obligation to redeem the Series A Preferred Stock on the Mandatory Redemption Date. The Principal Shareholders retain voting and dispositive power with respect to the Pledged Shares until the occurrence of a default in the Company's obligation to redeem the Series A Preferred Stock. Any such default could result in a change in control of the Company. See "Certain Transactions -- Acquisition of Business of Predecessor Company." The Company intends to use a portion of the proceeds of this Offering to redeem the Series A Preferred Stock. See "Use of Proceeds."

(7) Includes 22,500 Common Shares that Mr. Chioini has the right to acquire within 60 days.

(8) Includes 43,750 Common Shares which all executive officers and directors as a group have the right to acquire within 60 days.

DESCRIPTION OF SECURITIES

GENERAL

The authorized capital shares of the Company consist of an aggregate of 20,000,000 Common Shares, no par value per share ("Common Shares"), 1,416,664 shares of 8.5% non-voting cumulative Series A Preferred Stock, \$1.00 par value per share (the "Series A Preferred Stock"), and 2,000,000 shares of Preferred Stock, no par value per share (the "Preferred Stock"). 3,015,000 Common Shares, 1,416,664 shares of Series A Preferred Stock and no shares of Preferred Stock are currently issued and outstanding. 123,750 Additional Shares will be issued to investors in the First Prior Financing on the closing date of this Offering.

COMMON SHARES

Holders of Common Shares are entitled to one vote per Common Share on each matter submitted to a vote of shareholders of the Company and to participate ratably in dividends and other distributions when and if declared by the Board of Directors from funds legally available therefor. See "Risk Factors -- Absence of Dividends on Common Shares." Upon the liquidation, dissolution or winding up of the Company, holders of Common Shares are entitled to share pro rata in any assets available for distribution to shareholders after payment of all obligations of the Company and after provision has been made with respect to each class of stock, if any, having preference over the Common Shares. Holders of Common Shares do not have cumulative voting rights or preemptive, subscription or conversion rights and are not redeemable. The Common Shares presently outstanding are, and the Common Shares to be issued in connection with this Offering will be, duly authorized, validly issued, fully paid and non-assessable.

The Board of Directors is authorized to issue additional Common Shares within the limits authorized by the Company's Articles of Incorporation without further shareholder action. The Company has agreed with the Underwriter that it will not issue any securities, including but not limited to Common Shares, for a period of 24 months following the Effective Date, except as disclosed in or contemplated by this Prospectus, without the prior written consent of the Underwriter.

The directors of the Company serve staggered three-year terms. The directors of the Company will hold office until the Annual Meeting of Shareholders to be held in 1998 for Gary D. Lewis and Norman L. McKee, the Annual Meeting of Shareholders to be held in 1999 for Michael J. Xirinachs, and the Annual Meeting of Shareholders to be held in 2000 for Robert L. Chiolini, and until their successors are elected and qualified. Directors may not be removed without cause. The Articles of Incorporation also set the minimum and maximum number of directors constituting the entire Board at three and fifteen, respectively, and require approval of holders of a majority of the Company's voting shares to amend these provisions.

SERIES A PREFERRED STOCK

The Board of Directors has authorized and issued 1,416,664 shares of Series A Preferred Stock. The terms of the Series A Preferred Stock are as follows:

Dividend Rights. Holders of Series A Preferred Stock are entitled to receive, out of funds legally available for the payment of dividends, cumulative cash dividends in the amount of \$0.085 per share per year (pro rated for partial years) accruing from June 1, 1997, as and when directed by the Board of Directors of the Company. As long as any shares of Series A Preferred Stock are outstanding, the Company may not (i) declare, pay, or set money, securities or other property apart for the payment of, any dividend on any other shares of the Company, including all classes of common stock and any other series of preferred stock (all of such shares of the Company referred to as the "Junior Shares"), or (ii) make any payment on account of, or set money, securities or other property apart for the payment into, a sinking or other similar fund for the purchase, redemption or other retirement of, any of the Junior Shares or any warrants, rights, calls or options exercisable for or exchangeable into any of the Junior Shares (collectively, the "Junior Securities"), or (iii) make any distribution in respect of any Junior Securities, either directly or indirectly, and whether in cash, obligations or shares of the Company or other property (other than distributions or dividends in Junior Shares to the holders of Junior Shares), and shall not permit any corporation or other entity directly or

indirectly controlled by the Company to purchase or redeem any of the Junior Securities, unless prior to or concurrently with such declaration, payment, setting apart for payment, purchase, redemption or distribution, as the case may be, all accrued and unpaid dividends on the Series A Preferred Stock shall have been paid.

Redemption. The Company is required to redeem all outstanding shares of Series A Preferred Stock on January 31, 1998 (the "Mandatory Redemption Date"), at a purchase price equal to \$1.00 per share plus accumulated and unpaid dividends on the Mandatory Redemption Date. The purchase price must be paid in cash. From and after the Mandatory Redemption Date, the holders of Series A Preferred Stock will not have any rights as shareholders of the Company except the right to receive from the Company the redemption price of such Series A Preferred Stock, without interest, upon the surrender of such Series A Preferred Stock to the Company. In addition, the Company has the right and option at any time prior to the Mandatory Redemption Date to purchase, redeem or otherwise acquire any or all of the Series A Preferred Stock for a purchase price equal to \$1.00 per share plus accumulated and unpaid dividends on such share through the date of repurchase or redemption. Upon consummation of this Offering, the Company intends to repurchase and redeem all 1,095,915 shares of the Series A Preferred Stock for a purchase price of approximately \$1,144,916 (assuming such redemption is effected on December 10, 1997. See "Use of Proceeds."

Liquidation Rights. Subject to the prior rights of the Company's creditors, the holders of the Series A Preferred Stock are entitled to receive, upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, \$1.00 per share, plus accrued and unpaid dividends, before any payment to holders of Junior Shares. If, in any such case, the assets of the Company are insufficient to make such payment in full, then the available assets will be distributed among the holders of the Series A Preferred Stock ratably in proportion to the full amount to which each holder would be entitled.

Conversion Rights. Holders of Series A Preferred Stock have no conversion rights; however, the obligation of the Company to effect the mandatory redemption of the Series A Preferred Stock by the Mandatory Redemption Date is guaranteed by the Principal Shareholders pursuant to the Guaranty, which Guaranty is secured by a pledge of the Pledged Stock. See "Certain Transactions - Acquisition of Business of Predecessor Company."

Voting Rights. Holders of Series A Preferred Stock have no voting rights, except as may be required by law.

WARRANTS

The Warrants offered hereby will be issued in registered form under a Warrant Agreement (the "Warrant Agreement") between the Company and American Stock Transfer & Trust Company as warrant agent (the "Warrant Agent").

Each Warrant will be separately transferable and will entitle the registered holder thereof to purchase one Common Share at \$4.50 per share (subject to adjustment as described below) for a period of three years commencing one year after the Effective Date and ending on the fourth anniversary of the Effective Date (the "Exercise Period"). The exercise price of the Warrants was determined by negotiation between the Company and the Underwriter and should not be construed to be predictive of, or to imply that, any price increases will occur in the Company's securities. The exercise price and the number and kind of Common Shares issuable upon the exercise of each Warrant are subject to adjustment in the event of a stock split, stock dividend, recapitalization, merger, consolidation or certain other events. No adjustment for previously paid cash dividends, if any, will be made upon exercise of the Warrants. A holder of Warrants may exercise such Warrants by surrendering the certificate evidencing such Warrants before the earlier of the expiration or redemption date to the Warrant Agent at its offices, together with the form of election to purchase on the reverse side of such certificate properly completed and executed and the payment of the exercise price and any transfer tax. If less than all of the Warrants evidenced by a Warrant certificate are exercised, a new certificate will be issued for the remaining number of Warrants.

The Company has authorized and reserved for issuance a number of Common Shares sufficient to provide for the exercise of the Warrants. When issued, upon proper exercise of the Warrants and payment of the exercise price specified in the Warrants, each Common Share will be fully paid and nonassessable.

Holders of Warrants will not have any voting or other rights as shareholders of the Company unless and until Warrants are exercised and shares issued pursuant thereto.

The Warrants may be redeemed by the Company at a price of \$.10 per Warrant, upon not less than 30 days prior written notice within 10 days to registered holders of the Warrants at any time during the Exercise Period, with the prior written consent of the Underwriter, if the average of the closing bid quotations of the Common Shares, during the period of 20 consecutive trading days ending on the third day prior to the date upon which notice of redemption is given, as reported on The Nasdaq SmallCap Market (or if the Common Shares are not quoted thereon, the closing sale price of the Common Shares on the Nasdaq National Market or other principal securities exchange upon which the Common Shares are then quoted or listed, or such other reporting system that provides closing sale prices for the Common Shares), is greater than \$7.00 per share (regardless of the illiquidity of the market for the Company's Common Shares), subject to adjustment in the event of stock splits and similar events. The Warrants will be exercisable until the close of business on the day immediately preceding the date fixed for the redemption of the Warrants in the notice of redemption. The Company may redeem the Warrants at a time when it is disadvantageous for the holders of the Warrants. The holders of the Warrants may, therefore, be forced to exercise the Warrants and pay the exercise price or sell the Warrants at the current market price for the Warrants when they otherwise might wish to hold the Warrants, or accept the redemption price, which is likely to be substantially less than the market price of the Warrants at the time of redemption.

The Company will pay the Representative a fee of 5% of the exercise price of each Warrant exercised, provided (i) the market price of Common Shares on the date the Warrant was exercised was equal to or greater than the Warrant exercise price on that date, (ii) the exercise of the Warrant was solicited by a member of the National Association of Securities Dealers, Inc. ("NASD"), (iii) the Warrant was not held in a discretionary account, (iv) the disclosure of compensation arrangements was made in documents provided to the holders of the Warrants, (v) the solicitation of the exercise of the Warrant was not a violation of Rule 101 of Regulation M under the Exchange Act and (vi) the Representative is designated in writing as the soliciting NASD member. The Representative and any other soliciting broker/dealers will be prohibited from engaging in any market making activities or solicited brokerage activities with regard to the Company's securities during the periods prescribed by Rule 101 of Regulation M before the solicitation of the exercise of any Warrant until the later of the termination of such solicitation activity or the termination of any right the Representative and any other soliciting broker/dealer may have to receive a fee for the solicitation of the exercise of the Warrants.

For a description of the requirements with respect to the maintenance of an effective registration statement in order to permit holders to exercise Warrants, see "Risk Factors -- Non-Registration in Certain Jurisdictions of Common Shares Underlying the Warrants; Exercise of Warrants."

PREFERRED STOCK

The Company is authorized to issue up to 2,000,000 shares of Preferred Stock in one or more series, each with such designations, rights, preferences, privileges and restrictions as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without further shareholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting or other rights that could decrease the amount of earnings and assets available for distribution to holders of Common Shares or adversely affect the voting power or other rights of the holders of Common Shares. The issuance of Preferred Stock could be used, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. Anti-takeover provisions that could be included in the Preferred Stock when issued may have a depressive effect on the market price of the Company's securities and may limit shareholders' ability to receive a premium on their shares by discouraging takeover and tender offer bids. The Company has no present intention to issue any shares of Preferred Stock. The Company has agreed with the Underwriter that, except for issuances disclosed in or contemplated by this Prospectus, it will not issue any securities, including but not limited to any shares of Preferred Stock, for a period of 24 months following the Effective Date, without the prior written consent of the Underwriter. See "Underwriting."

PRIOR FINANCINGS

In February 1997, the Company sold an aggregate of 495,000 Common Shares for a purchase price of \$2.50 per Common Share (the "First Prior Financing"). The aggregate net proceeds to the Company from the First Prior Financing were \$1,212,500, plus the discharge of a \$25,000 debt owed to one of the investors. In connection with the First Prior Financing, purchasers of Common Shares offered thereby were granted a right to receive additional Common Shares if the Company engaged in an initial public offering of its Common Shares at a public offering price per share that was less than twice the per share purchase price paid by the investors in the First Prior Financing. In such event, the Company must issue additional Common Shares to the investors that participated in the First Prior Financing such that the effective purchase price paid by such investors for Common Shares (including the Additional Shares) equals one-half of the initial public offering price. Accordingly, assuming the Company completes this Offering at an initial public offering price of \$4.00 per Common Share, the Company will issue an aggregate of 123,750 Additional Shares to the investors that participated in the First Prior Financing.

The Company also granted "piggyback" registration rights to investors that purchased Common Shares in the First Prior Financing. See "-- Registration Rights."

In May through July 1997, the Company sold an aggregate of 26 units, each unit consisting of 20,000 Common Shares and 20,000 Bridge Warrants for a purchase price of \$60,000 per unit, or an aggregate of \$1,560,000 (the "Second Prior Financing"). Each Bridge Warrant entitles the registered holder thereof to purchase one Common Share at an exercise price of \$4.50 per share, subject to adjustment in certain events, at any time commencing one year from the Effective Date and ending on the fourth anniversary of the Effective Date. On the Effective Date, the Bridge Warrants will convert automatically into warrants having terms identical to the Warrants being offered in the Offering.

The net proceeds of the Second Prior Financing (approximately \$1,248,348 after payment of fees and expenses of \$202,800 to the placement agent) were used in part to reduce the obligation under the note payable to the Predecessor Company (\$500,000) and to fund the Company's operating losses and provide working capital.

REGISTRATION RIGHTS

Investors in the First Prior Financing have the right to request registration of the Common Shares issued in connection with the First Prior Financing in any registration statement filed by the Company with the Commission under the Securities Act (with certain exceptions) for the issuance and sale of its securities. Pursuant to lock-up agreements signed by each of the investors in the First Prior Financing, such investors have waived their registration rights with respect to this Offering and have agreed not to sell or otherwise dispose of securities of the Company, including Common Shares, for a period of 13 months following the Effective Date, without the prior written consent of the Underwriter, which may be granted or withheld in the sole and absolute discretion of the Underwriter.

Investors who acquired Common Shares and Bridge Warrants in the Second Prior Financing have the right to request registration of the Common Shares and/or Bridge Warrants (or securities issued therefor) and the Common Shares issued or issuable upon exercise therefor in any registration statement filed by the Company with the Commission under the Securities Act (with certain exceptions) for the issuance and sale of its securities. Pursuant to lock-up agreements signed by each of the investors in the Second Prior Financing, such investors have waived their registration rights with respect to this Offering and have agreed not to sell or otherwise dispose of securities of the Company, including Common Shares and the Bridge Warrants, for a period of 13 months following the Effective Date, without the prior written consent of the Underwriter, which may be granted or withheld in the sole and absolute discretion of the Underwriter.

The holders of the Underwriter Warrants (including the securities issuable upon exercise thereof) have demand and piggyback registration rights with respect to the Common Shares issuable upon exercise of the

Underwriter Warrants and the underlying Warrants, which Common Shares have been registered by the Company on the Registration Statement on Form SB-2 of which this Prospectus is a part.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offering, the Company will have outstanding 4,938,750 Common Shares (assuming no exercise of the Over-Allotment Option, the Warrants, the Bridge Warrants, the Underwriter Warrants and other outstanding options and warrants) and 1,416,664 shares of Series A Preferred Stock, which Series A Preferred Stock will be redeemed using a portion of the proceeds of this Offering. Of these shares, the 1,800,000 Common Shares sold in this Offering (in addition to the 2,700,000 Common Shares issuable upon exercise of the Warrants) will be freely tradeable without restriction under the Securities Act, except for any shares purchased by any person who is or thereby becomes an "affiliate" of the Company, which shares will be subject to the resale limitations contained in Rule 144 promulgated under the Securities Act. The remaining 3,138,750 Common Shares are "restricted securities" (as that term is defined in Rule 144) which may be publicly sold only if registered under the Securities Act or if sold in accordance with an applicable exemption from registration, such as Rule 144. Of the outstanding restricted Common Shares, 2,000,000 shares will be owned by Messrs. Lewis, Xirinachs and Chioini, who may be deemed "affiliates" of the Company, as that term is defined in Rule 144. An additional 520,000 Common Shares underlying the Bridge Warrants will, upon issuance, be "restricted securities."

In general, under Rule 144 as currently in effect, subject to the satisfaction of certain other conditions, a person, including an affiliate of the Company, whose restricted securities have satisfied a one-year holding period, is entitled to sell (together with any person with whom such individual is required to aggregate sales), within any three month period, a number of restricted shares that does not exceed the greater of 1% of the total number of outstanding shares of the same class, or, if the shares are quoted on The Nasdaq Stock Market or a national securities exchange, the average weekly trading volume during the four calendar weeks preceding the filing of Form 144 with respect to the sale. A person who has not been an affiliate of the Company for at least three months, and whose restricted securities have satisfied a two-year holding period, is entitled to sell such restricted securities under Rule 144 without regard to any of the limitations described above. Affiliates, however, continue to be subject to such limitations even after such two-year holding period, and they are subject to such limitations with respect to their sales of non-restricted securities.

The restricted Common Shares will be eligible for sale pursuant to Rule 144 commencing 90 days after the Effective Date. However, officers, directors and other security holders of the Company owning and/or having rights to acquire in the aggregate Common Shares have entered into agreements with the Underwriter not to sell or otherwise dispose of any securities of the Company, including Common Shares, for a period of 13 months following the Effective Date, without the prior written consent of the Underwriter, which may be granted or withheld in the sole and absolute discretion of the Underwriter; provided, however, that if prior to the expiration of the lock-up period, the Company's Common Shares are subject to a tender offer and holders of the Company's Common Shares (other than the existing shareholders) agree to tender a majority of the outstanding Common Shares to the offeror, then the Underwriter shall release all shareholders subject to the Lock-Up Agreements from the restrictions imposed thereby solely for the purpose of tendering their Common Shares to the offeror pursuant to the terms of the tender offer. Following expiration of the term of the Lock-Up Agreements, 3,138,750 shares will become eligible for resale pursuant to Rule 144, subject to the volume limitations and compliance with the other provisions of Rule 144. Furthermore, the holders of the Underwriter Warrants (including the securities issuable upon exercise thereof) have demand and piggyback registration rights with respect to the Common Shares issuable upon exercise of the Underwriter Warrants and the underlying Warrants, which Common Shares have been registered by the Company on the Registration Statement on Form SB-2 of which this Prospectus is a part. The Company also intends to register the 450,000 Common Shares issuable upon the exercise of options available under the Company's 1997 Stock Option Plan. In addition, the investors in the First Prior Financing and the investors in the Second Prior Financing have piggy-back registration rights with respect to their Common Share, Bridge Warrants and the 520,000 underlying Common Shares. These rights have been waived in connection with this Offering.

The Company is unable to predict the effect that sales under Rule 144, pursuant to a registered public offering or otherwise may have on the then prevailing market price of the Common Shares or Warrants, but such sales may have a substantial depressive effect on such market price. The above is a summary of Rule 144 and is not intended to be a complete description of the Rule. See "-- Registration Rights," "-- Warrants," "Certain Transactions" and "Underwriting".

As a result of the Offering, an additional 2,700,000 Common Shares (3,105,000 if the Over-Allotment Option is fully exercised) will be subject to issuance upon the exercise of the Warrants offered hereby, and an additional 450,000 Common Shares will be subject to issuance upon the exercise of the Underwriter Warrants and the underlying Warrants.

As of November 21, 1997, there were 39 record holders of the Common Shares.

ANTI-TAKEOVER LEGISLATION

Chapters 7A and 7B of the Michigan Business Corporation Act, as amended, may affect attempts to acquire control of the Company. In general, under Chapter 7A, "business combinations" (defined to include, among other transactions, certain mergers, dispositions of assets or shares and recapitalizations) between covered Michigan business corporations or their subsidiaries and an "interested shareholder" (defined as the direct or indirect beneficial owner of at least 10 percent of the voting power of a covered corporation's outstanding shares) can only be consummated if approved by at least 90 percent of the votes of each class of the corporation's shares entitled to vote and by at least two-thirds of such voting shares not held by the "interested shareholder" or affiliates, unless five years have elapsed after the person involved became an "interested shareholder" and unless certain price and other conditions are satisfied. The Board of Directors has the power to elect to be subject to Chapter 7A as to specifically identified or unidentified interested shareholders.

In general, under Chapter 7B, an entity that acquires "Control Shares" of the Company may vote the Control Shares on any matter only if a majority of all shares, and of all non-"Interested Shares", of each class of stock entitled to vote as a class, approve such voting rights. Interested Shares are shares owned by officers of the Company, employee-directors of the Company and the entity making the Control Share Acquisition (as defined). Control Shares are shares that, when added to shares already owned by an entity, would give the entity voting power in the election of directors or any of three thresholds: one-fifth, one-third and a majority. The effect of the statute is to condition the acquisition of voting control of a corporation on the approval of a majority of the pre-existing disinterested shareholders. The Board of Directors may amend the bylaws before a Control Share Acquisition occurs to provide that Chapter 7B does not apply to the Company.

TRANSFER AGENT AND WARRANT AGENT

The Company has engaged American Stock Transfer & Trust Company to act as Transfer Agent for the Company's Common Shares and Warrant Agent for the Warrants.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement (the "Underwriting Agreement"), the Company has agreed to sell to the Underwriters, and the Underwriters have agreed to purchase, all of the 1,800,000 Common Shares and 2,700,000 Warrants offered hereby.

The Underwriting Agreement provides that the Underwriters, severally and not jointly, will be obligated to purchase all of the Common Shares and Warrants offered hereby on a "firm commitment basis," if any are purchased, as follows:

UNDERWRITERS -----	COMMON SHARES -----	WARRANTS -----
Mason Hill & Co., Inc.		
J.W. Barclay & Co., Inc.		
Total.....	----- =====	----- =====

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent including the current effectiveness of the Registration Statement, delivery of an opinion of Company's counsel, a "comfort letter" from the Company's accountants, the delivery of an officer's certificate certifying that all representations and warranties are true and correct, the appointment of the Transfer Agent and Warrant Agent and NASD approval of the Underwriters' compensation. The Underwriting Agreement also provides that the Underwriters will be obligated to purchase all of the Common Shares and Warrants, if any are purchased.

The Underwriters have advised the Company that they propose to offer the Common Shares and Warrants to the public at the offering prices set forth on the cover page of this Prospectus and that the Underwriters may allow to certain dealers, who are members of the National Association of Securities Dealers, concessions not in excess of \$.35 per Common Share and \$.009 per Warrant. After the Offering, the public offering price and concessions and discounts and other offering terms may be changed.

The Underwriting Agreement also provides that the Representative will receive a non-accountable expense allowance of 3% of the gross proceeds of the Offering. The Company also has agreed to pay all expenses in connection with qualifying the Common Shares and the Warrants offered hereby for sale under the laws of such states as the Representative may designate, including expenses of counsel retained for such purpose by the Representative.

Pursuant to the Over-Allotment Option, which is exercisable for a period of 45 days after the Effective Date, the Underwriters may purchase up to 270,000 Common Shares and 405,000 Warrants, solely to cover over-allotments, at the offering price, less the underwriting discounts and commissions.

The Company has agreed to sell to the Underwriters on the closing date of this Offering, for \$10, the Underwriters Warrants to purchase 180,000 Common Shares and 270,000 Warrants. The Underwriters Warrants shall be exercisable for a period of three years commencing _____, 1998 (one year after the Effective Date) at an exercise price equal to \$6.60 per Common Share and \$.165 per Warrant (165% of the offering price of the Securities sold to the public in the Offering). The Underwriters Warrants are not transferable prior to _____, 1998, except to officers of the Underwriters, members of the selling group and their officers and partners.

The Company has agreed that, upon written request of the then holder(s) of a majority of the Warrants and the Common Shares issued and/or issuable upon exercise of the Underwriters Warrants (the "Underwriters Warrant Shares") which were originally issued to the Representative or to its designees, made at any time within the period commencing one year and ending five years after the Effective Date, the Company will file, at its sole expense, no more than once, a registration statement under the Securities Act registering the Underwriters Warrant Shares. The Company has agreed to use its best efforts to cause the

registration statement to become effective. The holders of the Underwriters Warrants may demand registration without exercising the Underwriters Warrants and, in fact, are never required to exercise such Underwriters Warrants.

The Company has registered the Underwriters Warrant Shares pursuant to the Registration Statement on Form SB-2 of which this Prospectus is a part.

The Company has also agreed that if, at any time within the period commencing one year and ending five years after the Effective Date, it should file a registration statement with the Commission pursuant to the Securities Act, regardless of whether some of the holders of the Underwriters Warrants and the Underwriters Warrant Shares shall have therefore availed themselves of any of the registration rights above, the Company, at its own expense, will offer to said holders (with certain exceptions) the opportunity to register the Underwriters Warrant Shares. The objection of a subsequent underwriter to the above "piggyback" registration rights would preclude such inclusion.

In addition to the demand and "piggyback" registration rights described above, the Company has agreed to cooperate with the then holders of the Underwriters Warrants and Underwriters Warrant Shares in the preparation and execution of any registration statement required in order to sell or transfer the Underwriters Warrant Shares and will supply all information required therefor, but the expenses of such registration statement will be pro-rated between the Company and the holders of the Underwriters Warrants and Underwriters Warrant Shares in proportion to the aggregate sales price of the securities being issued by each of them.

For the life of the Underwriters Warrants, the holders thereof are given, at nominal cost, the opportunity to profit from a rise in the market price of the Common Shares with a resulting dilution in the interest of other shareholders of the Company. Further, such holders may be expected to exercise the Underwriters Warrants at a time when the Company would in all likelihood be able to obtain equity capital on terms more favorable than those provided in the Underwriters Warrants. In addition, the Company may find it more difficult to raise additional capital while the Underwriters Warrants are outstanding.

In connection with this Offering, the Underwriters and selling group members and their respective affiliates may engage in stabilizing, syndicate short covering transactions, or other transactions during the offering that may stabilize, maintain or otherwise affect the market price of the Common Shares and Warrants. Stabilization transactions, effected in accordance with Rule 104 of Regulation M, are bids for or purchases of Common Shares or Warrants for the purpose of preventing or retarding a decline in the market price of Common Shares or Warrants or all of them to facilitate the Offering. The Underwriters also may create a short position for their accounts by selling more Common Shares and/or Warrants in connection with the Offering than they are committed to purchase from the Company, and in such case may purchase Common Shares or Warrants in the open market to cover all or a portion of such short position. The Underwriters may also cover all or a portion of such short position by exercising the Over-Allotment Option. Any of the transactions described in this paragraph may result in the maintenance of the price of the Common Shares and Warrants at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and, if they are undertaken they may be discontinued at any time.

The Company has agreed not to issue any Common Shares, preferred stock or any warrants, options or other rights to purchase Common Shares or preferred stock prior to _____, 1999, without the prior written consent of the Representative, except as contemplated by or as disclosed in this Prospectus. Officers, directors and other security holders of the Company owning and/or having rights to acquire in the aggregate _____ Common Shares, have entered into agreements not to sell or otherwise dispose of any securities of the Company, including Common Shares (except under certain circumstances in connection with a third party tender offer for the Common Shares), prior to _____, 1998, without the prior written consent of the Representative, which may be granted or withheld in the sole and absolute discretion of the Representative. See "Shares Eligible for Future Sale."

The Company has granted to the Representative, effective upon completion of this Offering, a right of first refusal for a period of three years after the Effective Date for any public or private offering of securities by the Company, its affiliates or any present or future subsidiaries to raise capital.

The Underwriting Agreement provides for reciprocal indemnification between the Company and the Underwriters against liabilities in connection with the Offering, including liabilities under the Securities Act.

The Underwriters have informed the Company that they do not expect to make sales of the Common Shares and/or Warrants to discretionary accounts.

The Representative was organized in March 1995, was first registered as a broker dealer in December 1995, and became a member firm of the NASD in December 1995. The Representative is principally engaged in retail brokerage and market making activities and various corporate finance projects. Although the Representative has acted as a placement agent in private offerings and has participated as a member of the underwriting syndicate or as a selected dealer in five prior public offerings, it only has acted as the lead managing underwriter in two prior public offerings and has co-managed two other public offerings. No assurance can be given that the Representative's lack of experience as a lead managing underwriter of public offerings will not adversely affect the Offering and the subsequent development of a liquid public trading market in the Company's securities.

The Company has agreed that upon the Effective Date of the Offering it will, for a period of not less than three years, engage a designee, acceptable to the Company and the Representative, as an advisor to the Board. In lieu of the Representative's right to designate an advisor, the Company has agreed, if requested by the Representative during such three year period, to nominate and use its best efforts to cause the election of a designee of the Representative as a director of the Company. The Representative has not yet designated any such person.

The Representative intends to act as a market maker for the Common Shares and Warrants after the closing of the Offering.

The Company will pay the Representative a fee of 5% of the exercise price of each Warrant exercised, provided (i) the market price of the Common Shares on the date the Warrant was exercised was equal to or greater than the Warrant exercise price on that date, (ii) the exercise of the Warrant was solicited by a member of the NASD, (iii) the Warrant was not held in a discretionary account, (iv) the disclosure of compensation arrangements was made in documents provided to the holders of the Warrants, (v) the solicitation of the exercise of the Warrant was not a violation of Rule 101 of Regulation M under the Exchange Act and (vi) the Representative is designated in writing as the soliciting NASD member. The Representative and any other soliciting broker/dealers will be prohibited from engaging in any market making activities or solicited brokerage activities with regard to the Company's securities during the periods prescribed by Rule 101 of Regulation M before the solicitation of the exercise of any Warrant until the later of the termination of such solicitation activity or the termination of any right the Representative and any other soliciting broker/dealer may have to receive a fee for the solicitation of the exercise of the Warrants.

The Company has agreed to retain the Representative as a management and financial advisor for a period of 24 months commencing on the Effective Date at a fee equal to \$4,166 per month. The entire fee (\$99,984) is payable at the closing of the Offering. In its capacity as an advisor to the Company, the Representative will be obligated to provide general financial advisory services to the Company on an as-needed basis with respect to possible future financings or acquisitions by the Company and related matters. The Representative is not obligated to provide any minimum number of hours of advisory services to the Company.

In addition, the Company has agreed to engage a financial public relations firm reasonably satisfactory to the Representative. The public relations firm will not be associated with the Representative or any of its affiliates. Such firm, or an acceptable substitute firm, shall be continuously engaged until a date 24 months from the closing of the Offering.

The initial public offering price of the Common Shares and Warrants offered hereby and the initial exercise price and other terms of the Warrants have been determined by negotiation between the Company and the Representative and do not necessarily bear any direct relationship to the Company's assets, earnings, book value per share or other generally accepted criteria of value. Factors

considered in determining the offering price of the Common Shares and Warrants and the exercise price of the Warrants included the business in which the Company is engaged, the Company's financial condition, an assessment of the

Company's management, the general condition of the securities markets, the demand for similar securities of comparable companies, and other factors deemed relevant.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for the Company by Honigman Miller Schwartz and Cohn, 2290 First National Building, Detroit, Michigan 48226-3583. Certain legal matters in connection with the Offering will be passed upon for the Underwriter by Gersten, Savage, Kaplowitz & Fredericks, LLP, 101 East 52nd Street, New York, New York 10022-6018.

EXPERTS

The combined balance sheet of the Predecessor Company as of February 19, 1997 and December 31, 1996 and the combined statements of income, members' deficit and cash flows for the period from January 1, 1997 through February 19, 1997 and the year ended December 31, 1996 included in this Prospectus, the consolidated balance sheet of the Company as of September 30, 1997 and the consolidated statements of income, shareholders' equity and cash flows for the period from inception to September 30, 1997 included in this Prospectus, have been audited by Coopers & Lybrand LLP, independent auditors, as stated in their reports appearing in this Prospectus and elsewhere in the registration statement (which reports on the financial statements express an unqualified opinion and include an explanatory paragraph referring to an uncertainty concerning the Company's ability to continue as a going concern), and have been included herein in reliance on the reports of Coopers & Lybrand L.L.P., independent accountants, given on the authority of said firm as experts in accounting and auditing.

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[COOPERS & LYBRAND LETTERHEAD]

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Rockwell Medical Technologies, Inc. and Subsidiary:

We have audited the consolidated balance sheet of Rockwell Medical Technologies, Inc. and Subsidiary at September 30, 1997 and the related consolidated statements of income, stockholders' equity, and cash flows for the period ended September 30, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rockwell Medical Technologies, Inc. and Subsidiary at September 30, 1997 and the results of their operations and their cash flows for the period ended September 30, 1997 in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has incurred losses from operations and requires additional cash flow to fund operations and the redemption of the Series A Preferred Stock due January 31, 1998 that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COOPERS & LYBRAND LLP

Detroit, Michigan
November 20, 1997

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ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
(WHOLE DOLLARS)

	SEPTEMBER 30, 1997
Cash.....	\$ 72,680
Certificate of Deposit.....	25,000
Accounts Receivable, net of allowance for doubtful accounts of \$10,000.....	460,114
Inventory.....	373,433
Other Current Assets.....	95,686

Total Current Assets	1,026,913
Property and Equipment, net.....	721,876
Other Noncurrent Assets.....	138,397
Excess of Purchase Price over Fair Value of Net Assets Acquired, net.....	1,473,297
Deferred financing costs.....	218,054

Total Assets.....	\$ 3,578,537
	=====
Note Payable.....	\$ 100,000
Accounts Payable.....	1,031,751
Accrued Liabilities.....	350,958

Total Current Liabilities.....	1,482,709
Redeemable Preferred Stock -- Series A.....	1,095,915
Shareholders' Equity:	
Common Stock.....	2,524,847
Deficit.....	(1,524,934)

	999,913

Total Liabilities and Shareholders' Equity.....	\$ 3,578,537
	=====

The accompanying notes are an integral part of the consolidated financial statements.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM OCTOBER 25, 1996 (THE DATE OF INCEPTION) TO SEPTEMBER 30,
1997

(WHOLE DOLLARS)

Sales.....	\$ 2,326,148
Cost of Sales.....	2,717,267

Gross Deficit.....	(391,119)
Selling, General and Administrative.....	1,059,245
Interest Expense, net.....	74,570

Net loss.....	\$(1,524,934)
	=====
Net Loss per share.....	\$ (.53)

The accompanying notes are an integral part of the consolidated financial statements.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM OCTOBER 25, 1996 (THE DATE OF INCEPTION) TO SEPTEMBER 30,
1997

(WHOLE DOLLARS)

	COMMON SHARES -----	COMMON STOCK -----	RETAINED DEFICIT -----	TOTAL SHAREHOLDERS' EQUITY -----
Issuance of Common Stock, no par value -- Initial Capitalization....	2,000,000	\$ 1,000		\$ 1,000
Issuance of Common Stock, no par value -- First Prior Financing.....	495,000	1,212,500		1,212,500
Issuance of Common Stock, no par value -- Second Prior Financing....	520,000	1,311,347		1,311,347
Net loss.....			(1,524,934)	(1,524,934)
	-----	-----	-----	-----
Total.....	3,015,000	\$2,524,847	\$(1,524,934)	\$ 999,913
	=====	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM OCTOBER 25, 1996 (THE DATE OF INCEPTION) TO SEPTEMBER 30,
1997

(WHOLE DOLLARS)

Cash flows from operating activities:	
Net loss.....	\$(1,524,934)
Adjustments to reconcile net loss to net cash used for operating activities:	
Depreciation and Amortization.....	176,785

	(1,348,149)
Changes in Working Capital:	
Increase in Accounts Receivable.....	(270,840)
Increase in Inventory.....	(106,415)
Increase in Other Current Assets.....	(46,788)
Increase in Accounts Payable.....	227,525
Increase in Other Liabilities.....	321,081

Net change in Working Capital.....	124,563
Net cash used in operations.....	(1,223,586)
Cash flows from investing activities:	
Purchase of Business, net of cash acquired.....	(508,887)
Purchase of Equipment.....	(62,378)
Purchase of Certificate of Deposit.....	(25,000)

Cash used in Investing Activities.....	(596,265)
Cash flows from financing activities:	
Issuance of Common Stock -- initial capitalization.....	1,000
Issuance of Common Stock -- First Prior Financing.....	1,212,500
Issuance of Common Stock -- Second Prior Financing.....	1,311,347
Proceeds from notes payable.....	225,000
Repayment of notes payable.....	(125,000)
Payment on promissory note.....	(500,000)
Deposits paid on leases.....	(138,397)
Costs of initial public offering.....	(93,919)

Cash provided by financing activities.....	1,892,531
Increase in cash.....	72,680
Cash at beginning of period.....	--

Cash at end of period.....	\$ 72,680
	=====

Supplemental non cash disclosures: See Note 4 to the consolidated financial statements related to Purchase of Business and conversion of Promissory Note to Series A Redeemable Preferred.

The accompanying notes are an integral part of the consolidated financial statements.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND CAPITALIZATION

Rockwell Medical Technologies, Inc. (the "Company") was incorporated on October 25, 1996 for the purpose of purchasing and operating the business of Rockwell Medical Supplies, L.L.C. and its sister company, Rockwell Transportation, L.L.C. (collectively, the "Predecessor Companies" or the "Seller"). The Company is, and the Predecessor Companies were, in the business of manufacturing and distributing hemodialysis concentrates and dialysis kits to hemodialysis clinics throughout the United States and Venezuela. Sales to Venezuela accounted for approximately 9.8% of total sales. The Company also packages, sells and distributes ancillary products related to the hemodialysis process, as did the Predecessor Companies.

The Company received \$1,212,500 in net proceeds from the issuance of Common Stock in the First Prior Financing. Approximately \$500,000 of which was used to partially fund the acquisition of the Predecessor Companies. The remaining purchase price was financed through the issuance of a promissory note for approximately \$1.9 million (see Note 4).

The Company is regulated by the Federal Food and Drug Administration under the Federal Drug and Cosmetics Act, as well as by other federal, state and local agencies. In March 1996 the Predecessor Companies received 510(k) approval from the FDA to market hemodialysis solutions and powders, which commenced in May 1996. The 510(k) approval was assigned to the Company in connection with the purchase of the Predecessor Companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements of the Company include the accounts of Rockwell Medical Technologies, Inc. and its wholly-owned subsidiary, Rockwell Transportation, Inc. All intercompany balances and transactions have been eliminated. The results of operations, cash flows and changes in stockholders' equity are presented from October 25, 1996 (the date of inception) through September 30, 1997. The Company's fiscal year ends on December 31.

REVENUE RECOGNITION

The Company recognizes revenue at the date of shipment.

INVENTORY

Inventory is stated at net realizable value, which includes only raw material costs and excludes the conversion costs required to produce finished goods, due to continuing negative gross margins.

PROPERTY AND EQUIPMENT

Property and Equipment are recorded at cost. Expenditures for normal maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight line method over their useful lives, which range from three to eight years.

EXCESS OF PURCHASE PRICE OVER FAIR VALUE OF NET ASSETS ACQUIRED

The excess of the price paid by the Company over the fair value of the net assets of the Predecessor Companies has been recorded as an intangible asset and is being amortized on the straight line basis over an estimated useful life of 10 years. The Company assesses the recoverability of the asset based on estimated future undiscounted cash flows of the business. Based upon the Company's analysis no impairment of the asset exists at September 30, 1997.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

DEFERRED FINANCING COSTS

Costs, primarily professional fees for legal and accounting matters, which are directly related to the initial public offering have been deferred. Such costs will be recorded as a reduction of net proceeds of the offering when such offering is consummated.

INCOME TAXES

The Company has recorded a deferred tax asset of approximately \$482,400 related to the net operating loss carry forward. This deferred asset has been fully offset by a valuation allowance due to the uncertainty of realization.

ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

NET LOSS PER SHARE

Net loss per share is calculated based on the weighted average shares outstanding of 2,904,833 including 123,750 of additional shares estimated to be issuable to the shareholders in the First Prior Financing who were entitled to receive additional shares for no additional consideration if the public offering price of the shares to be issued in an initial public offering of the Company's securities was less than \$5.00 per share.

3. MANAGEMENT'S PLAN OF OPERATION

Since February 20, 1997 the Company had been engaged in the business of manufacturing, selling, and distributing hemodialysis concentrates and kits to various clinics throughout the United States and Venezuela. The Company paid approximately \$2.1 million for the operating assets and liabilities of the Predecessor Companies. Since inception through September 30, 1997 the Company has recorded losses of \$1,524,934 and used approximately \$1,223,586 to fund operating needs since the purchase of the business (see Note 4). Those needs were funded, from inception through September 30, 1997, through proceeds from the issuance of common stock, common stock purchase warrants and promissory notes.

A significant portion of the working capital requirements, approximately \$375,000, was due to an initial funding of an escrow account for future facility lease payments, and the immediate payment to trade creditors to ensure continued uninterrupted delivery of raw materials and services. After considering these one-time cash requirements, the Company estimates its cash flows from operations will be deficient by approximately \$100,000 per month for the next three to six months for working capital purposes. To fund these working capital requirements, the Company anticipates using a three phased approach as follows 1.) negotiating with its trade creditors to extend terms of payment, 2.) securing short term loans from private parties, and 3.) using the proceeds from the issuance of 1.8 million shares of the Company's Common Stock in a registration to be filed with the Securities and Exchange Commission (the "Offering"). Anticipated net proceeds associated with this Offering are estimated at approximately \$5.9 million. Without the successful completion of the Offering the future viability of the Company cannot be assured.

In addition to working capital requirements, the Company is required to redeem the 8.5% Series A Preferred Stock on January 31, 1998. (See notes 4 and 9). Without the successful completion of the Offering, the Company will be unable to meet the mandatory redemption obligation of the Series A Preferred Stock. In the event the Company fails to meet these redemption requirements a change in control of the Company may result.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company has developed cost reduction plans to improve efficiencies and reduce costs. In particular the distribution costs associated with the Company's wholly owned subsidiary, Rockwell Transportation, Inc. are substantial. Cost reduction plans are being developed to reduce inefficiencies in the Company's transportation operations and in the production process. Plans to maximize production capacity through both increased production hours and equipment utilization are in process. The Company feels that the market demand is greater than current production quantities and that increasing capacity through fundamental management techniques can be effected with minimum variable labor and manufacturing costs. Further, these actions will require minimum capital investment.

Future Company plans have been developed to increase sales with new product offerings and increased market penetration of existing product lines; however these actions will require capital investment estimated at \$1.8 million. The effective implementation of these plans will not be possible without the successful completion of the Offering.

There can be no assurance that even if the Company receives additional capital it will be able to achieve the planned efficiencies and increased sales levels to sustain its operations. There can be no assurance that the Company will obtain any funds on terms acceptable to the Company and at times required by the Company. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount or classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

4. PURCHASE OF THE BUSINESS

Effective February 19, 1997 the Company purchased the assets and assumed certain liabilities of the Predecessor Companies for an initial purchase price of approximately \$2.4 million, excluding liabilities assumed. The transaction was accounted for using the purchase method of accounting. The initial purchase price was allocated to assets acquired and liabilities assumed based on the estimated fair market value at the date of acquisition, as follows:

Working capital, less cash acquired.....	\$ (147,937)
Property and Equipment.....	688,534
Excess of purchase price over fair value of net assets.....	1,884,954

	2,425,551
Promissory Note at 8.5%.....	(1,916,664)

Net cash paid for business acquired.....	\$ 508,887
	=====

The purchase price consisted of : (i) \$150,000 cash payment to the Sellers ; (ii) a cash payment to NBD Bank of approximately \$375,000 to retire related outstanding debt; and (iii) the remainder of the purchase price was satisfied by an 8.5% promissory note (the "Note") in the principal amount of approximately \$1.9 million. Under the terms of the Note and the Asset Purchase Agreement, a prepayment of \$500,000 on the Note was due in May 1997. Pursuant to a letter agreement, the Sellers agreed that upon receipt of the prepayment, the remaining Note balance would be converted into shares of Series A Redeemable Preferred Stock at a conversion ratio of one share of Series A Preferred Stock to one dollar of outstanding principal due under the Note. The Company made the required prepayment and the Note was converted to 1,416,664 shares of Series A Preferred Stock.

In accordance with the terms of the Asset Purchase Agreement, the Company and the Predecessor Company and its owners have agreed to a reduction in the purchase price for the Predecessor Company's business by \$320,749 based on a provision in the Asset Purchase Agreement which provides for a dollar for dollar reduction in such purchase price to the extent that the net worth of the Predecessor Company at the

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

closing date was below a target amount set forth in the Asset Purchase Agreement. The parties have cancelled 320,749 shares of Series A Preferred Stock in payment of such purchase price reduction. Goodwill has been reduced by the same amount.

5. INVENTORY

Components of inventory are as follows:

Raw Materials.....	\$255,467
Finished Goods.....	117,966

Total	\$373,433
	=====

6. PROPERTY AND EQUIPMENT

Major classes of Property and Equipment, stated at cost, are as follows:

Leasehold Improvements.....	\$ 66,163
Machinery and Equipment.....	491,536
Office Furniture and Equipment.....	107,689
Laboratory Equipment.....	87,369
Vehicles including trailers.....	51,890

Accumulated Depreciation.....	\$804,647
	(82,771)

Net Property, and Equipment.....	\$721,876
	=====

7. NOTE PAYABLE

The Company obtained a \$100,000 loan in July of 1997. The loan bears interest at 24 percent per annum. The loan is payable on demand.

8. LEASES

The Company leases a facility for production and administrative offices as well as transportation equipment used by the Company's subsidiary, Rockwell Transportation, Inc. The lease terms are five years and two years, respectively. These leases have been accounted for as operating leases. Lease payments were \$312,322 for the period ended September 30, 1997. Future minimum rental payment under lease agreements are as follows:

Period from October 1, 1997 to December 31, 1997.....	\$109,256
Year ending December 31, 1998.....	437,025
Year ending December 31, 1999.....	348,475
Year ending December 31, 2000.....	192,510
Year ending December 31, 2001.....	12,600

In accordance with the assignment of the facility lease from the Predecessor Companies, the landlord required a deposit in escrow of \$178,000 which is to be applied against future lease payments of \$39,542 in each of the years ending December 31, 1998 and 1999, \$59,313 in the year ending December 31, 2000, with the balance held as additional security deposit until the expiration of the facility lease. In the instance of early termination, the transportation

equipment leases require the Company to pay the excess of the purchase price for such vehicles (determined in accordance with the terms of the lease) over the equipment's fair market value.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A \$25,000 letter of credit has been established for the benefit of certain lessors. The letter of credit is collateralized by a short term certificate of deposit.

9. CAPITAL STOCK

The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, no par value per share, of which 3,015,000 shares were outstanding at September 30, 1997; and 2,000,000 shares of Preferred Stock, none issued nor outstanding, and 1,416,664 shares of 8.5% non-voting cumulative redeemable Series A Preferred Stock, \$1.00 par value (the "Series A Preferred Stock"), of which 1,095,915 shares were outstanding after the cancellation of the 320,749 shares discussed in Note 4.

COMMON STOCK

Holders of the shares of Common Stock are entitled to one vote per share on all matters submitted to a vote of shareholders of the Company and are to receive dividends when and if declared by the Board of Directors. Dividends may not be paid to the common shareholders until the redeemable Series A preferred stock is redeemed. The Board is authorized to issue additional shares of Common Stock within the limits of the Company's Articles of Incorporation without further shareholder action. Holders of 495,000 shares of Common Stock are entitled to receive an additional 123,750 shares of Common Stock at the effective date of the offering for no additional consideration per the terms of the First Prior Financing Agreement. These shares have been included in the net loss per share calculation. The additional shares, when issued, will be accounted for as a stock dividend, at a cost equal to the offering price per share.

SERIES A PREFERRED STOCK

Holders of Series A Preferred Stock are entitled to receive, out of funds legally available for the payment of dividends, cumulative cash dividends in the amount of \$.085 per share per year accruing from June 1, 1997, as and when directed by the Board of Directors of the Company. As long as any shares of Series A Preferred Stock are outstanding, the Company may not (i) declare, pay, or set money, securities or other property apart for the payment of, any dividend on any shares of the Company, including all classes of common stock and any other series of preferred stock (all of such shares of the Company referred to as "Junior Shares"), or (ii) make any payment on account of, or set money, securities or other property apart for, the payment into a sinking or other similar fund for the purchase, redemption or other retirement of, any of the Junior Shares or any warrants, rights, calls or other options exercisable for or exchangeable into any of the Junior Shares (collectively the "Junior Securities"), or (iii) make any distribution in respect of any Junior Securities, either directly or indirectly, and whether in cash, obligations or shares of the Company or other property (other than distributions or dividends in Junior Shares to the holders of Junior Shares), and shall not permit any corporation or other entity directly or indirectly controlled by the Company to purchase or redeem any of the Junior Securities, unless prior to or currently with such declaration, payment, setting apart for payment, purchase, redemption or distribution, as the case may be, all accrued and unpaid dividends on the Series A Preferred Stock shall have been paid.

The Company is required to redeem all outstanding shares of Series A Preferred Stock on January 31, 1998 (the "Mandatory Redemption Date"), at a redemption price equal to \$1.00 per share, plus accumulated and unpaid dividends accrued through the Mandatory Redemption Date. The purchase price must be paid in cash. From and after the Mandatory Redemption Date, the holders of Series A Preferred Stock will not have any rights as shareholders of the Company except the right to receive from the Company the redemption price of such Series A Preferred Stock, without interest, upon the surrender of such Series A Preferred Stock to the Company. In addition, the Company has the right and option at any time prior to the Mandatory Redemption Date to purchase, redeem or otherwise acquire any or all of the Series A Preferred Stock for a purchase price equal to \$1.00 per share plus accumulated and unpaid dividends on such share through the date of repurchase or redemption.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Subject to the prior rights of the Company's creditors, the holders of the Series A Preferred Stock are entitled to receive, upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, \$1.00 per share plus accrued and unpaid dividends. If, in any such case, the assets of the Company are insufficient to make such payment in full, then the available assets will be distributed among the holders of the Series A Preferred Stock ratably in proportion to the full amount to which each holder would be entitled.

Holders of Series A Preferred Stock have no conversion rights, however, the obligation of the Company to effect the mandatory redemption of the Series A Preferred Stock by the Mandatory Redemption Date is guaranteed by certain of the Company's principal shareholders (the "Guaranty"). Such Guaranty is secured by the pledge of 1,143,500 shares of Common Stock (the "Pledged Shares") pursuant to an Escrow Agreement dated as of July 22, 1997 (the "Escrow Agreement"). In the event the Company fails to redeem the outstanding shares of Series A Preferred Stock on or before the Mandatory Redemption Date, the Predecessor Companies have a period of 45 days following such date to elect either to: (i) exercise their rights under the Guaranty and the Escrow Agreement to retain the shares of Common Stock which remain held in escrow, in full satisfaction and discharge of the Guaranty and the Company's obligation to redeem the Series A Preferred Stock; or (ii) terminate their rights under the Guaranty and to relinquish and terminate their interest in the Pledged Shares and to proceed against the Company to collect the outstanding redemption payment.

Holders of Series A Preferred Stock have no voting rights except as may be required by law.

WARRANTS

Holders of the Warrants are entitled to purchase at the stated exercise price of the Warrant one share of Common Stock of the Company subject to certain adjustments and provisions. At September 30, 1997 there were 520,000 warrants issued and outstanding. These Warrants do not become effective until after the completion of the Offering (see Note 2 in these Notes to Consolidated Financial statements).

Each Warrant will be separately transferable and will entitle the registered holder to purchase one share of Common Stock at the exercise price of \$4.50 per share for a period of three years commencing one year after the effective date of the Offering and ending on the fourth anniversary of the effective date of the Offering (the "Exercise Period"). The exercise price and the number of shares of Common Stock to be issued upon the exercise of each Warrant are subject to adjustment in the event of stock split, stock dividend, recapitalization, merger, consolidation or certain other events.

Under certain conditions, the Warrants may be redeemed by the Company at a redemption price of \$.10 per Warrant upon not less than 30 days prior written notice to the holders of such Warrants, provided the closing bid price of the Common Stock has been at least \$8.50 for 20 consecutive trading days ending on the third day prior to the date the notice of redemption is given.

10. STOCK OPTIONS

The Board of Directors approved the Rockwell Medical Technologies, Inc., 1997 Stock Option Plan on July 15, 1997 (the "Plan"). The Stock Option Committee as appointed by the Board of Directors administers the Plan which provides for grants of nonqualified or incentive stock options to key employees, officers, directors, consultants and advisors to the Company. Under the Plan the Company may grant up to 450,000 shares of Common Stock. Exercise prices, subject to certain plan limitations, are at the discretion of the Committee. Options granted normally expire 10 years from the date of grant or upon termination of employment. The Committee determines vesting rights on the date of grant.

ROCKWELL MEDICAL TECHNOLOGIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In July 1997 and November 1997 the Committee granted options to acquire an aggregate of 295,000 Common Shares at an exercise price of \$3.00 per share. Options awarded vest over a three year period from the date of grant.

Compensation expense was determined as the difference between the offering price of \$4.00 per share, and the exercise price. Any difference between the offering price and fair value for the period from the date of grant through September 30, 1997 would not be material. Compensation expense is recognized over the vesting period and was \$69,600 for the period ended September 30, 1997.

	SHARES -----	EXERCISE PRICE -----
Outstanding at Beginning of Period.....	--	--
Granted.....	295,500	\$3.00
Exercised.....	--	--
Cancelled.....	--	--
	-----	-----
Outstanding at September 30, 1997.....	295,500	\$3.00
	=====	=====
Options Exercisable at September 30, 1997.....	43,750	

11. RELATED PARTY TRANSACTIONS

During the period ended September 30, 1997 the Company paid or accrued fees to the consulting firm of Wall Street Partners, Inc. for financial and management services of \$275,000. Under a current agreement, the Company is obligated to pay additional consulting fees of \$75,000 through December 31, 1997. The principals of the consulting firm are shareholders of the Company and members of the Board of Directors.

In addition, the Company settled a certain obligation in the amount of \$25,000 to a related party through the issuance of 10,000 shares of Common Stock.

The Holders of the Series A Redeemable Stock were the majority owners of the Predecessor Company.

12. SUBSEQUENT EVENT

On November 13, 1997, the Company obtained a \$100,000 loan from a majority shareholder and member of the Company's Board of Directors. The loan bears interest at a rate of 24 percent per annum and matures on February 11, 1998.

COOPERS & LYBRAND LOGO

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of
Rockwell Medical Supplies, L.L.C and
Rockwell Transportation, L.L.C:

We have audited the combined balance sheets of Rockwell Medical Supplies, L.L.C and Rockwell Transportation, L.L.C (the "Company") at February 19, 1997 and December 31, 1996 and the related combined statements of income, members' deficit, and cash flows for the period ended February 19, 1997 and the year ended December 31, 1996. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Rockwell Medical Supplies, L.L.C and Rockwell Transportation, L.L.C at February 19, 1997 and December 31, 1996 and the results of their operations and their cash flows for the period ended February 19, 1997 and the year ended December 31, 1996 in conformity with generally accepted accounting principles.

COOPERS & LYBRAND LLP

Detroit, Michigan

July 11, 1997, except for the subsequent event

paragraph of Note 3 for which the

date is November 20, 1997

Coopers & Lybrand L.L.P. is a member of Coopers & Lybrand International, a
limited liability association incorporated in Switzerland.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

COMBINED BALANCE SHEETS
(WHOLE DOLLARS)

	FEBRUARY 19, 1997	DECEMBER 31, 1996
	-----	-----
Cash.....	\$ 44,270	\$ 65,978
Accounts Receivable, net of allowance for doubtful accounts of \$10,000 and \$5,000 at February 19, 1997 and December 31, 1996, respectively.....	189,274	205,168
Inventory.....	327,147	405,702
Other Current Assets.....	48,898	48,417
	-----	-----
Total Current Assets.....	609,589	725,265
Property and Equipment, net.....	670,885	728,557
	-----	-----
Total Assets.....	\$ 1,280,474	\$ 1,453,822
	=====	=====
Notes Payable, Bank.....	375,000	375,000
Payable to Members.....	\$ 1,868,149	\$ 1,868,149
Accounts Payable.....	679,941	512,074
Accrued Liabilities.....	33,315	28,848
	-----	-----
Total Current Liabilities.....	2,956,405	2,784,071
Members' Deficit:		
Contributed Capital.....	50,000	50,000
Deficit.....	(1,725,931)	(1,380,249)
	-----	-----
Total Liabilities and Members' Deficit.....	\$ 1,280,474	\$ 1,453,822
	=====	=====

The accompanying notes are an integral part of the combined financial statements.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

COMBINED INCOME STATEMENTS
(WHOLE DOLLARS)

	JANUARY 1 TO FEBRUARY 19, 1997 -----	YEAR ENDED DECEMBER 31, 1996 -----
Sales.....	\$ 343,555	\$ 1,019,856
Cost of Sales.....	508,784	1,555,200
	-----	-----
Gross Margin.....	(165,229)	(535,344)
Selling, General and Administrative Expenses.....	177,015	773,344
Interest Expense.....	3,438	12,634
	-----	-----
Net Loss.....	\$(345,682)	\$(1,321,322)
	=====	=====

The accompanying notes are an integral part of the combined financial statements.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

COMBINED STATEMENT OF CHANGES IN MEMBERS' DEFICIT
(WHOLE DOLLARS)

	CONTRIBUTED CAPITAL -----	DEFICIT -----	TOTAL MEMBERS DEFICIT -----
Balances at January 1, 1996.....	\$50,000	\$ (58,927)	\$ (8,927)
Net loss.....	--	(1,321,322)	(1,321,322)
Balances at December 31, 1996.....	50,000	(1,380,249)	(1,330,249)
Net loss for the period January 1, 1997 to February 19, 1997.....	--	(345,682)	(345,682)
Balances at February 19, 1997.....	\$50,000 =====	\$(1,725,931) =====	\$(1,675,931) =====

The accompanying notes are an integral part of the combined financial statements.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

COMBINED STATEMENT OF CASH FLOWS
(WHOLE DOLLARS)

	JANUARY 1 TO FEBRUARY 19, 1997 -----	YEAR ENDED DECEMBER 31, 1996 -----
Cash flows from Operating Activities:		
Net loss.....	\$(345,682)	\$(1,321,322)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation.....	17,649	133,659
Changes in working capital:		
Accounts Receivable.....	15,894	(205,168)
Inventory.....	78,555	(405,702)
Other Current Assets.....	(481)	(8,876)
Accounts Payable.....	207,890	512,074
Accrued Liabilities.....	4,467	28,848
	-----	-----
Net cash used in operating activities.....	(21,708)	(1,266,487)
Cash flows from Investing Activities:		
Purchases of Equipment.....		(549,713)

Net cash used in investing activities.....	--	(549,713)
Cash flows from Financing Activities:		
Members' capital contributions.....	--	50,000
Proceeds of Bank loans.....	--	375,000
From Members.....	--	1,457,178
	-----	-----
Net cash provided by financing activities.....	--	1,882,178
Net (decrease) increase in cash.....	(21,708)	65,978
Cash at beginning of the period.....	65,978	--
	-----	-----
Cash at end of the period.....	\$ 44,270	\$ 65,978
	=====	=====
Supplemental cash flow information		
Interest expense paid.....	3,438	12,634
	=====	=====
Supplemental non-cash disclosure:		
\$40,023 of equipment was exchanged for payment of an account payable.		

The accompanying notes are an integral part of the combined financial statements.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND CAPITALIZATION

Rockwell Medical Supplies, L.L.C. was established in October 1995 for the purpose of manufacturing hemodialysis concentrates and dialysis kits for sale and distribution to hemodialysis clinics throughout the United States. It also packages, sells and distributes ancillary products related to the hemodialysis process.

There was limited activity during 1995, consisting primarily of the purchase of certain equipment, the payment of a facility lease security deposit and the payment of \$58,927 for certain start up expenses.

Rockwell Transportation, L.L.C. was established in March 1996 for the purpose of distributing products produced by Rockwell Medical Supplies, L.L.C. The combined entity of Rockwell Medical Supplies, L.L.C. and Rockwell Transportation, L.L.C. is referred to as the "Company".

The Company is regulated by the Federal Food and Drug Administration under the Federal Drug and Cosmetics Act, as well as by other Federal, State and Local agencies. In March 1996 the Company received 510(k) approval from the FDA to market hemodialysis solutions and powders. The Company began manufacturing, distributing and selling hemodialysis solutions in May 1996.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The combined financial statements of the Company include the accounts of Rockwell Medical Supplies, L.L.C. and it's sister company Rockwell Transportation, L.L.C. which are entities under common control. All intercompany balances and transactions have been eliminated.

REVENUE RECOGNITION

The Company recognizes revenue at the date of shipment.

INVENTORY

Inventory is stated at net realizable value, including raw material costs and excluding the conversion cost required to produce finished goods. Cost of sales for the period ended February 19, 1997 is calculated based on the material gross margin for the preceding twelve month period.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Expenditures for normal maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight line method over their useful life, which ranges from three to eight years.

INCOME TAXES

As a limited liability company, it was intended that the Company be classified as a partnership for federal income tax purposes and, as such, it was treated as a "pass-through" entity that was not subject to federal income tax.

ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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 reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

LOSS PER SHARE

The Company is a Limited Liability Corporation; accordingly loss per share information is not relevant.

3. SALE OF THE BUSINESS

Effective February 19, 1997 the assets of the Company were sold to Rockwell Medical Technologies, Inc. (the "Successor Company"). Total purchase price for essentially all the operating assets was approximately \$2.4 million excluding the assumption of certain liabilities. The Asset Purchase Agreement provided a cash payment at closing of \$150,000 to the Sellers; payoff of the Notes Payable to Bank of \$375,000; and the balance in the form of a promissory note of approximately \$1.9 million payable to certain members of the Company. In May 1997, as provided in the Asset Purchase Agreement, a \$500,000 cash payment was received on the promissory note. The remaining unpaid principal was converted to 8.5% Non-Voting Redeemable Series A Preferred Stock of the Successor Company, redeemable on or before January 31, 1998.

One of the Members of the Company is a majority shareholder of the Successor Company and is employed as an Officer and Director of the Successor Company.

SUBSEQUENT EVENT

In accordance with the terms of the Asset Purchase Agreement, the Company and the Predecessor Company and its owners have agreed to a reduction in the purchase price for the Predecessor Company's business by \$320,749 based on a provision in the Asset Purchase Agreement which provides for a dollar for dollar reduction in such purchase price to the extent that the net worth of the Predecessor Company at the closing date was below a target amount set forth in the Asset Purchase Agreement. The parties have cancelled 320,749 shares of Series A Preferred Stock in payment of such purchase price reduction. Goodwill has been reduced by the same amount.

4. INVENTORY

Components of inventory are as follows:

	FEBRUARY 19, 1997	DECEMBER 31, 1996
	-----	-----
Raw Material.....	\$204,329	\$344,398
Finished Goods.....	122,818	61,304
	-----	-----
Total.....	\$327,147	\$405,702
	=====	=====

ROCKWELL MEDICAL SUPPLIES, L.L.C.
AND ROCKWELL TRANSPORTATION, L.L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

5. PROPERTY AND EQUIPMENT

Major classes of Property and Equipment, stated at cost, are as follows:

	FEBRUARY 19, 1997	DECEMBER 31, 1996
	-----	-----
Machinery and Equipment.....	\$ 580,875	\$ 580,875
Office furniture and equipment.....	109,562	109,562
Laboratory Equipment.....	95,326	95,326
Vehicles, including trailers.....	36,170	76,453
	-----	-----
Total Cost.....	821,933	862,216
Accumulated Depreciation.....	(151,048)	(133,659)
	-----	-----
Net Property and Equipment.....	\$ 670,885	\$ 728,557
	=====	=====

6. PAYABLE TO MEMBERS

Payable to Members is comprised of obligations of the Company to certain Members of the Company who advanced operating funds to the Company during 1996 and 1995.

7. NOTES PAYABLE TO BANK

The Company had a Master Demand Business Loan Note with National Bank of Detroit in the amount of \$400,000, at the current prime rate, of which \$375,000 was outstanding at December 31, 1996 and February 19, 1997. At December 31, 1996 and February 19, 1997 the bank's prime rate was 8.5%. The principal and interest amounts of the Note were paid in full in accordance with the Asset Purchase Agreement (See Note 3). This note was collateralized by the assets of the Company.

8. LEASES

The Company leases a facility and certain equipment under operating leases. Lease payments were \$339,790 and \$50,439 for the year ended December 31, 1996 and the period ended February 19, 1997, respectively. Effective February 19, 1997 all leases relating to the operations of the Company were assigned to the Successor Company.

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS PROSPECTUS IS NOT AN OFFER TO SELL NOR IS IT SEEKING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OF COMMON SHARES IMPLIES UNDER ANY CIRCUMSTANCES THAT THERE HAS BEEN NO CHANGE IN THE CIRCUMSTANCES OF THE COMPANY OR THE FACTS DESCRIBED IN THIS PROSPECTUS SINCE THE DATE OF THIS PROSPECTUS.

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UNTIL _____, 1997 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS) ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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ROCKWELL MEDICAL
TECHNOLOGIES, INC.
CONSISTING OF
1,800,000 COMMON SHARES AND
2,700,000 COMMON SHARE
PURCHASE WARRANTS

PROSPECTUS

MASON HILL & CO., INC.

J.W. BARCLAY CO., INC.

, 1997

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under Sections 561-571 of the Michigan Business Corporation Act, as amended, directors and officers of a Michigan corporation may be entitled to indemnification by the corporation against judgments, expenses, fines and amounts paid by the director or officer in settlement of claims brought against them by third persons or by or in the right of the corporation if those directors and officers acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the corporation or its shareholders.

The Registrant is obligated under its bylaws and an employment agreement with its chief executive officer to indemnify a present or former director or executive officer of the Registrant, and may indemnify any other person, to the fullest extent now or hereafter permitted by law in connection with any actual or threatened civil, criminal, administrative or investigative action, suit or proceeding arising out of their past or future service to the Registrant or a subsidiary, or to another organization at the request of the Registrant or a subsidiary. In addition, the Articles of Incorporation of the Company, as amended, limit certain personal liabilities of directors of the Company.

Reference is also made to Section of the Underwriting Agreement (a form of which is attached to this Registration Statement as Exhibit 1.1) with respect to undertakings to indemnify the Registrant, its directors and officers and each person who controls the Registrant within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), against certain civil liabilities, including certain liabilities under the Securities Act.

The Registrant has obtained Directors' and Officers' liability insurance. The policy provided for \$2,000,000 in coverage including prior acts dating to the Company's inception and liabilities under the Securities Act in connection with this Offering.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses (other than underwriting discounts and commissions) which will be paid by the Registrant in connection with the issuance and distribution of the securities being registered hereby. With the exception of the SEC registration fee and the NASD filing fee, all amounts indicated are estimates.

SEC Registration fee.....	\$ 7,578
NASD filing fee.....	2,988
Nasdaq listing fee.....	10,000
Underwriter non-accountable expense allowance.....	224,100
Underwriter advisory fee.....	99,984
Directors' and Officers' liability insurance.....	120,000
Printing expenses (other than stock certificates).....	60,000
Printing and engraving of stock and warrant certificates...	4,000
Legal fees and expenses (other than blue sky).....	125,000
Accounting fees and expenses.....	125,000
Blue sky fees and expenses (including legal and filing fees).....	35,000
Transfer Agent and Warrant Agent fees and expenses.....	5,000
Miscellaneous.....	6,350

Total.....	\$825,000
	=====

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

Since inception (October 25, 1996), the Company has sold securities to a limited number of persons, as described below. Except as indicated, there were no underwriters involved in the transactions and there were

no underwriting discounts or commissions paid in connection therewith. The purchasers of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof and appropriate legends were affixed to the certificates for the securities issued in such transactions. All purchasers of securities in each such transaction had adequate access to information about the Company, and in the case of transactions exempt from registration under Section 4(2) of the Securities Act, were sophisticated investors.

1. In October 1996, in connection with the formation of the Company, the Company sold to Gary D. Lewis, Michael J. Xirinachs and Robert L. Chioini an aggregate of 2,000,000 Common Shares for an aggregate purchase price of \$1,000. The Common Shares were sold in reliance of the exemptions from registration contained in Section 4(2) of the Securities Act.

2. In February 1997, the Company sold to 17 accredited investors an aggregate of 495,000 Common Shares at a price of \$2.50 per share. The gross proceeds to the Company from such sales were \$1,237,500 (including the discharge of a \$25,000 debt owed to one of the investors). The Common Shares were sold in reliance upon the exemption from registration contained in Sections 4(2) and 4(6) of the Securities Act and Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act ("Regulation D").

3. In May through July 1997, the Company sold to 19 accredited investors an aggregate of 26 units, each unit consisting of 20,000 Common Shares and 20,000 Common Shares Purchase Warrants, at a price of \$60,000 per unit (the "Second Prior Financing"), for gross proceeds of \$1,560,000. The warrants are exercisable to purchase one Common Share each at any time during the three year period beginning one year after the Effective Date at \$4.50 per share. In connection with the Second Prior Financing, the Company paid Maidstone Financial, Inc., as placement agent, selling commissions of \$156,000, and a non-accountable expense allowance of \$46,800. Each of the investors in the Second Prior Financing represented to the Company that such investor was an "accredited investor" (as defined in Rule 501(a) of Regulation D). The securities sold in the Second Prior Financing were sold in reliance upon the exemptions from registration contained in Section 4(2) and 4(6) of the Securities Act and Rule 506 of Regulation D.

4. In July 1997, the Company issued and sold to RMS of Michigan, L.L.C. (formerly known as Rockwell Medical Supplies, LLC, "Supply Company") 1,416,664 shares of Series A Preferred Stock at a purchase price of \$1.00 per share, in consideration for the cancellation of a promissory note, issued by the Company in favor of Supply Company, which had an outstanding principal balance of \$1,416,664. Such Series A Preferred Stock was issued and sold in reliance upon the exemption from registration contained in Section 4(2) of the Act.

ITEM 27. EXHIBITS

See Exhibit Index immediately preceding the exhibits.

ITEM 28. UNDERTAKINGS

(a) The undersigned small business issuer hereby undertakes that it will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by section 10(a)(3) of the Securities Act;

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registrant statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if,

in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

- (iii) Include any additional or changed material information on the plan of distribution.
- (2) For determining any liability under the Securities Act, treat each post-effective amendment as a new registration statement relating to the securities offered, and the offering of such securities at that time to be the initial bona fide offering.
- (3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.
- (b) The undersigned small business issuer hereby undertakes that it will provide the Underwriter at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriter to permit prompt delivery to each purchaser.
- (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of the expenses incurred or paid by a director, officer, or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (d) The undersigned small business issuer will:
- (1) For determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the small business issuer under Rule 424(b)(1) or (4) or 497(h) under the Securities Act as part of this registration statement as of the time the Commission declared it effective.
- (2) For determining any liability under the Securities Act, treat each post-effect amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this Amendment No. 2 to Registration Statement to be signed on its behalf by the undersigned, in the City of Wixom, State of Michigan, on November 20, 1997.

ROCKWELL MEDICAL TECHNOLOGIES, INC.
(Registrant)

By: /s/ ROBERT L. CHIOINI

Robert L. Chioini
President and Chief Executive
Officer

II-4

In accordance with the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement has been signed by the following persons in the capacities and on the dates stated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ ROBERT L. CHIOINI ----- Robert L. Chioini	President, Chief Executive Officer and Director (Principal Executive Officer)	November 20, 1997
/s/ JAMES J. CONNOR ----- James J. Connor	Vice President of Finance, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	November 20, 1997
/s/ GARY D. LEWIS ----- Gary D. Lewis	Director	November 20, 1997
* ----- Michael J. Xirinachs	Director	November 20, 1997
* ----- Norman L. McKee	Director	November 20, 1997
* By: /s/ ROBERT L. CHIOINI ----- Robert L. Chioini Attorney-in-fact		

EXHIBIT INDEX

EXHIBIT -----	DESCRIPTION -----
1.1	Form of Underwriting Agreement
1.2	Form of Advisory and Investment Banking Agreement between the Registrant and Mason Hill & Co., Inc.
3(i).1**	Articles of Incorporation of the Registrant
3(i).2**	Certificate of Amendment to Articles of Incorporation of the Registrant
3(i).3**	Certificate of Correction to Articles of Incorporation of the Registrant
3(i).4**	Certificate of Amendment to Articles of Incorporation of the Registrant
3(ii)**	Bylaws of the Registrant
4.1**	Form of Warrant Agreement
4.2	Form of Underwriters' Warrant Agreement
4.3*	Specimen Common Share Certificate
4.4**	Specimen Warrant Certificate (included as Exhibit A to Exhibit 4.1)
4.5	Form of Bridge Warrant
4.6	Registration Rights Agreement among the Registrant and the holders of the Bridge Warrants
4.7	Form of Lock-up Agreement
5.1*	Opinion of Honigman Miller Schwartz and Cohn concerning the legality of the securities being offered
10.1**	Rockwell Medical Technologies, Inc. 1997 Stock Option Plan
10.2**	Employment Agreement dated as of February 19, 1997 between the Company and Robert L. Chioini
10.3**	Consulting and Financial Advisory Services Agreement dated February 19, 1997 between the Company and Wall Street
10.4**	Asset Purchase Agreement dated as of November 1, 1996 by and among the Predecessor Company, the Family Partnerships (as defined therein), the Members (as defined therein) and the Company (formerly known as Acquisition Partners, Inc.)
10.5**	First Amendment to Asset Purchase Agreement dated as of January 31, 1997 by and among the Predecessor Company, the Family Partnerships, the Members and the Company (formerly known as Acquisition Partners, Inc.)
10.6**	Second Amendment to Asset Purchase Agreement dated as of February 19, 1997 by and among the Predecessor Company, the Family Partnerships, the Members and the Company (formerly known as Acquisition Partners, Inc.)
10.7**	Letter Agreement dated April 4, 1997 among the parties to the Asset Purchase Agreement concerning the conversion of the promissory note payable to the Supply Company
10.8**	Share Pledge and Escrow Agreement dated as of July 22, 1997 among the Principal Shareholders, the Supply Company, the Company and Honigman Miller Schwartz and Cohn, as Escrow Agent.
10.9**	Lease Agreement dated as of September 5, 1995 between the Supply Company, as tenant, and Oakland Oaks, L.L.C., as landlord
10.10**	Assignment and First Amendment to Wixom Building Lease dated as of February 19, 1997 among the Supply Company, as assignor, the Company, as assignee, and Oakland Oaks, L.L.C., as landlord
21.1**	List of Subsidiaries
23.1	Consent of Coopers & Lybrand LLP
23.2*	Consent of Honigman Miller Schwartz and Cohn (to be included in Exhibit 5.1 to this Registration Statement)
24.1**	Power of Attorney
27.1	Financial Data Schedule for the Company
27.2	Financial Data Schedule for the Predecessor Companies
27.3	Financial Data Schedule for the Predecessor Companies

* To be filed by amendment.

** Previously filed.

ROCKWELL MEDICAL TECHNOLOGIES, INC.

UNDERWRITING AGREEMENT

New York, New York

Dated: , 1997

MASON HILL & CO., INC.
110 Wall Street
New York, New York 10005

Gentlemen:

The undersigned, ROCKWELL MEDICAL TECHNOLOGIES, INC., a Michigan corporation (the "Company"), proposes to issue and sell to Mason Hill & Co., Inc. ("Mason Hill" or "Underwriter") pursuant to this Underwriting Agreement ("Agreement"), an aggregate of 1,800,000 shares of the Company's Common Stock (the "Common Stock") at \$4.00 per share and 2,700,000 warrants (the "Warrants") to purchase shares of Common Stock at \$.10 per Warrant. The Warrants are exercisable to purchase one share of Common Stock, at any time commencing one year from the date on which the Registration Statement (as defined in Section 1(a) hereof), shall have become or been declared effective (the "Effective Date"), and ending on the fourth anniversary of the Effective Date. The Warrant exercise price, subject to adjustment as described in the agreement providing for the Warrants (the "Warrant Agreement"), shall be \$4.50 per share, subject to adjustment as described in the Warrant Agreement.

The shares of Common Stock and the Warrants will be separately transferable immediately upon issuance. Commencing one year after the Effective Date, the Warrants are subject to redemption by the Company at \$0.10 per Warrant, provided that (a) prior notice of not less than 30 days is given to the holders of the Warrants (the "Warrantholders"), and (b) the closing bid price per share of Common Stock, if traded on The NASDAQ Stock Market, or the last sale price per share of Common Stock, if traded on a national exchange, for the 20 consecutive trading days ending on the third day prior to the date on which notice of redemption is given, is in excess of \$7.00.

In addition, the Company proposes to grant to Mason Hill the Over-Allotment Option (as defined in Section 2(c) hereof) to purchase all or any part of an aggregate of 270,000 shares of Common Stock and 405,000 Warrants, and to issue to you the Underwriter's Warrant (as defined in Section 11 hereof) to purchase certain further additional shares of Common Stock and Warrants.

The aggregate of 1,800,000 shares of Common Stock to be sold by the Company, together with the aggregate of 270,000 additional shares of Common Stock that are the subject of the Over-allotment Option, are herein collectively called the "Shares." The Shares and the Warrants (including the Warrants subject to the Over-Allotment Option and the Warrants issuable upon exercise of the Underwriter's Warrant), the shares of Common Stock issuable upon exercise of the Warrants and the shares of Common Stock issuable upon exercise of the Underwriter's Warrant, are herein collectively called the "Securities." The term "Underwriter's Counsel" shall mean the firm of Gersten, Savage, Kaplowitz, & Fredericks, LLP, counsel to the Underwriter, and the term "Company Counsel" shall mean the firm of Honigman Miller Schwartz & Cohn, counsel to the Company. Unless the context otherwise requires, all references herein to a "Section" shall mean the appropriate Section of this Agreement.

You have advised the Company that you desire to purchase the shares of Common Stock and the Warrants as herein provided. The Company confirms the agreements made by it with respect to the purchase of the shares of Common Stock and the Warrants by you, as follows:

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with, the Underwriter that:

(a) REGISTRATION STATEMENT; PROSPECTUS; A registration statement (File No. 333-31991) on Form SB-2 relating to the public offering of the Securities (the "Offering"), including a preliminary form of prospectus, copies of which have heretofore been delivered to you, has been prepared by the Company in conformity with the requirements of the Securities Act of 1933 (the "Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission") promulgated thereunder (the "Rules and Regulations"), and has been filed with the Commission under the Act. As used herein, the term "Preliminary Prospectus" shall mean each prospectus filed pursuant to Rule 430 or Rule 424(a) of the Rules and Regulations. The Preliminary Prospectus bore the legend required by Item 501 of Regulation S-B under the Act and the Rules and Regulations. Such registration statement (including all financial statements, schedules and exhibits) as amended at the time it becomes effective and the final prospectus included therein are herein respectively called the "Registration Statement" and the "Prospectus," except that (i) if the prospectus filed by the Company pursuant to Rule 424(b) or Rule 430A of the Rules and Regulations shall differ from such final prospectus as then amended, then the term "Prospectus" shall instead mean the prospectus first filed pursuant to said Rule 424(b) or Rule 430A, and (ii) if such registration statement is amended or such prospectus is amended or supplemented after the effective date of such registration statement and prior to the Option Closing Date (as defined in Section 2(c) hereof), then (unless the context necessarily requires otherwise) the term "Registration Statement" shall include such registration statement as

so amended, and the term "Prospectus" shall include such prospectus as so amended or supplemented, as the case may be.

(b) CONTENTS OF REGISTRATION STATEMENT. On the Effective Date, and at all times subsequent thereto for so long as the delivery of a prospectus is required in connection with the offering or sale of any of the Securities, (i) the Registration Statement and the Prospectus shall in all material respects conform to the requirements of the Act and the Rules and Regulations, and (ii) neither the Registration Statement nor the Prospectus shall include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary or make statements therein in light of the circumstances in which they were made, not misleading; provided, however, that the Company makes no representations, warranties or agreements as to information contained in or omitted from the Registration Statement or Prospectus in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of the Underwriter specifically for use in the preparation thereof. It is understood that the statements set forth in the Prospectus with respect to stabilization, the material set forth under the caption "UNDERWRITING," the information on the cover page of the Prospectus regarding the underwriting arrangements and the identity of the Underwriter's Counsel under the caption "LEGAL MATTERS," which information the Underwriter hereby represents and warrants to the Company is true and correct in all material respects and does not omit to state any material fact required to be stated therein or necessary to make statements therein, in light of the circumstances in which they were made, not misleading, constitute the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Registration Statement and Prospectus, as the case may be.

Except for the registration rights granted under the Underwriter's Warrant, or as disclosed in the Prospectus, no holders of any securities of the Company or of any options, warrants or convertible or exchangeable securities of the Company exercisable for or convertible or exchangeable for securities of the Company, have the right to include any securities issued by the Company in the Registration Statement or any registration statement to be filed by the Company.

(c) ORGANIZATION, STANDING, ETC. The Company and Rockwell Medical Transport, Inc., the Company's wholly-owned subsidiary (the "Subsidiary"), are each duly incorporated and validly exist as corporations in good standing under the laws of their respective jurisdictions of incorporation, with full power and corporate authority to own their properties and conduct their business as described in the Prospectus, and are duly qualified or licensed to do business as foreign corporations and are in good standing in each other jurisdiction in which the nature of their business or the character or location of their properties requires such qualification, except where failure so to qualify will not have a material adverse effect on the business, properties or financial condition of the Company or the Subsidiary, as the case may be.

(d) CAPITALIZATION. The authorized, issued and outstanding capital stock of the Company as of the date of the Prospectus is as set forth in the Prospectus under the caption "CAPITALIZATION". The shares of Common Stock issued and outstanding on the Effective Date have been duly authorized, validly issued and are fully paid and non-assessable. No options, warrants or other rights to purchase, agreements or other obligations to issue, or agreements or other rights to convert any obligation into, any shares of capital stock of the Company or the Subsidiary have been granted or entered into by the Company or the Subsidiary, except as expressly described in the Prospectus. The Securities conform to all statements relating thereto contained in the Registration Statement or the Prospectus.

(e) SECURITIES. The Securities conform, or will conform when issued, in all material respects to all statements with respect thereto contained in the Registration Statement and the Prospectus. The Securities have been duly authorized and, when issued and delivered against payment therefor pursuant to this Agreement, the Warrant Agreement or the Underwriter's Unit Purchase Option, as the case may be, will be duly authorized, validly issued, fully paid and non-assessable and free of preemptive rights of any security holder of the Company. Neither the filing of the Registration Statement nor the offering or sale of any of the Securities as contemplated by this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any securities of the Company, except as described in the Registration Statement.

(f) AUTHORITY, ETC. This Agreement, the Warrant Agreement, the Underwriter's Warrant Agreement, and the Financial Consulting Agreement (as hereinafter defined), have been duly and validly authorized, executed and delivered by the Company and, assuming due execution of this Agreement and such other agreements by the other party or parties hereto and thereto, constitute valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms. The Company has full right, power and lawful authority to authorize, issue and sell the Securities and the Underwriter's Warrant on the terms and conditions set forth herein. All consents, approvals, authorizations and orders of any court or governmental authority which are required in connection with the authorization, execution and delivery of such agreements, the authorization, issue and sale of the Securities and the Underwriter's Warrant, and the consummation of the transactions contemplated hereby have been obtained.

(g) NO CONFLICT. Except as described in the Prospectus, neither the Company nor the Subsidiary is in violation, breach or default of or under, and consummation of the transactions hereby contemplated and fulfillment of the terms of this Agreement will not conflict with or result in a breach of, any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance pursuant to the terms of, any contract, indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company or the Subsidiary is a party or by which the Company or the Subsidiary may be bound or to which any of the property or assets of the Company or the Subsidiary are subject, nor will such action result in any violation of the provisions of the Certificate of Incorporation or the By-laws of the Company, or the certificate

of incorporation or by-laws of the Subsidiary, or any statute or any order, rule or regulation applicable to the Company or the Subsidiary, or of any court or of any regulatory authority or other governmental body having jurisdiction over the Company or the Subsidiary.

(h) ASSETS. Subject to the qualifications stated in the Prospectus: (i) the Company and the Subsidiary, as the case may be, has good and marketable title to all properties and assets described in the Prospectus as owned by it, including without limitation intellectual property, free and clear of all liens, charges, encumbrances or restrictions, except such as do not materially affect the value of such properties or assets and do not interfere with the use made or proposed to be made of such assets or properties by the Company or the Subsidiary or are not materially significant or important in relation to the business of the Company or the Subsidiary, as the case may be; (ii) all of the material leases and subleases under which the Company or the Subsidiary is the lessor or sublessor of properties or assets or under which the Company or the Subsidiary hold properties or assets as lessee or sublessee, as described in the Prospectus, are in full force and effect and, except as described in the Prospectus, neither the Company nor the Subsidiary is in default in any material respect with respect to any of the terms or provisions of any of such leases or subleases, and no claim has been asserted by any party adverse to the rights of the Company or the Subsidiary as lessor, sublessor, lessee or sublessee under any such lease or sublease, or affecting or questioning the right of the Company or the Subsidiary to continued possession of the leased or subleased premises or assets under any such lease or sublease, except as described or referred to in the Prospectus; and (iii) the Company and the Subsidiary, as the case may be, owns or leases all such assets and properties, described in the Prospectus, as are necessary to its operations as now conducted and, except as otherwise stated in the Prospectus, as proposed to be conducted as set forth in the Prospectus.

The outstanding debt, the property and the business of the Company conforms in all material respects to the descriptions thereof contained in the Registration Statement and Prospectus.

(i) INDEPENDENT ACCOUNTANTS. Coopers & Lybrand, who have given their report on certain financial statements filed or to be filed with the Commission as a part of the Registration Statement, and which are included in the Prospectus, are with respect to the Company, independent public accountants as required by the Act and the Rules and Regulations.

(j) FINANCIAL STATEMENTS. The consolidated financial statements, together with related notes, set forth in the Registration Statement and the Prospectus present fairly the consolidated financial position, results of operations, changes in stockholders' equity and cash flows of the Company and the Subsidiary on the basis stated in the Registration Statement, at the respective dates and for the respective periods to which they apply. Such financial statements and related notes have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the entire period involved, except to the extent disclosed therein. The Summary Financial Data and Selected Financial Data

included in the Registration Statement and the Prospectus present fairly the information shown therein and have been prepared on a basis consistent with that of the financial statements included in the Registration Statement and the Prospectus.

(k) NO MATERIAL CHANGE. Except as otherwise set forth in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor the Subsidiary has: (i) incurred any liability or obligation, direct or contingent, or entered into any transaction, which is material to its business; (ii) effected or experienced any change in its capital stock or incurred any long-term debt; (iii) issued any options, warrants or other rights to acquire its capital stock; (iv) declared, paid or made any dividend or distribution of any kind on its capital stock; or (v) effected or experienced any adverse change, or development involving a prospective adverse change, in its financial position, net worth, results of operations, business or business prospects, assets or properties or key personnel.

(l) LITIGATION. Except as set forth in the Prospectus, there is not now pending nor, to the knowledge of the Company, threatened, any action, suit or proceeding (including any related to environmental matters or discrimination on the basis of age, sex, religion or race), whether or not in the ordinary course of business, to which the Company or the Subsidiary is a party or its business or property is subject, before or by any court or governmental authority, which, if determined adversely to the Company, would have a material adverse effect on the financial position, net worth, or results of operations, business or business prospects, assets or property of the Company or the Subsidiary; and no labor disputes involving the employees of the Company or the Subsidiary exist which would affect materially adversely the business, property, financial position or results of operations of the Company or the Subsidiary.

(m) EMPLOYEE AND INDEPENDENT CONTRACTOR MATTERS. The Company and the Subsidiary have generally enjoyed satisfactory employer/employee relationships with their respective employees and are in compliance in all material respects with all Federal, state and local laws and regulations, including but not limited to, applicable tax laws and regulations, respecting the employment of their respective employees and employment practices, terms and conditions of employment and wages and hours relating thereto. To the knowledge of the Company or the Subsidiary, there are no pending or threatened investigations involving the Company or the Subsidiary by the U.S. Department of Labor or corresponding foreign agency, or any other governmental agency responsible for the enforcement of such Federal, state or local laws and regulations. To the knowledge of the Company or the Subsidiary, there are no unfair labor practice charges or complaints against the Company or the Subsidiary pending before the National Labor Relations Board or corresponding foreign agency or any strikes, picketing, boycotts, disputes, slowdowns or stoppages pending or threatened against or involving the Company or the Subsidiary, or any predecessor entity, and none has occurred. No representation question exists respecting the employees of the Company or the Subsidiary. No collective

bargaining agreements or modifications thereof are currently in effect or being negotiated by the Company or the Subsidiary and their respective employees. No grievance or arbitration proceeding is pending under any expired or existing collective bargaining agreements of the Company or the Subsidiary.

Neither the Company nor the Subsidiary: (i) maintain nor have maintained, sponsored or contributed to any program or arrangement that is an "employee pension benefit plan," an "employee welfare benefit plan" or a "multi-employer plan" as such terms are defined in Sections 3(2), 3(1) and 3(37), respectively of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), except for the Stock Option Plan described in the Prospectus; (ii) presently maintain or contribute nor at any time in the past, have they maintained or contributed to a defined benefit plan, as defined in Section 3(35) of ERISA; or (iii) has ever completely or partially withdrawn from a "multi-employer plan."

The Company and the Subsidiary have generally enjoyed satisfactory relationships with their respective independent contractors and are in compliance in all material respects with all federal, state and local laws and regulations, including but not limited to applicable tax laws and regulations, respecting the engagement of their respective independent contractors.

(n) NO UNLAWFUL PROSPECTUSES. The Company has not distributed any prospectus or other offering material in connection with the Offering contemplated herein, other than any Preliminary Prospectus, the Prospectus or other material permitted by the Act and the Rules and Regulations.

(o) TAXES. Except as disclosed in the Prospectus, the Company and the Subsidiary have filed all necessary federal, state, local and foreign income and franchise tax returns and has paid all taxes shown as due thereon on or before the date such taxes are due to be paid; and there is no tax deficiency which has been or, to the knowledge of the Company, might be asserted against the Company or the Subsidiary.

(p) LICENSES, ETC. The Company and the Subsidiary have in effect all necessary licenses, permits and other governmental authorizations currently required for the conduct of its business or the ownership of its property, as described in the Prospectus, and is in all material respects in compliance therewith. To the knowledge of the Company, none of the activities or business of the Company or the Subsidiary is in violation of, or would cause the Company or the Subsidiary to violate, any law, rule, regulation or order of the United States, any country, state, county or locality, the violation of which would have a material adverse effect upon the financial position, net worth, results of operations, business or business prospects, assets or property of the Company or the Subsidiary.

(q) NO PROHIBITED PAYMENTS. Neither the Company, the Subsidiary, nor, to the knowledge of the Company or the Subsidiary, any of their respective employees or officers or directors, agents or any other person acting on behalf of the Company or the Subsidiary has, directly or indirectly, contributed or agreed to contribute any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer, supplier, or official or governmental

agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company or the Subsidiary (or assist it in connection with any actual or proposed transaction) which (i) could reasonably be expected to subject the Company or the Subsidiary to any material damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, could reasonably be expected to have had a materially adverse effect on the assets, business or operations of the Company or the Subsidiary as reflected in any of the financial statements contained in the Prospectus, or (iii) if not continued in the future, could reasonably be expected to materially adversely affect the assets, business, operations or prospects of the Company or the Subsidiary. The Company's internal accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

(r) TRANSFER TAXES. On the Closing Dates (as defined in Section 2(d) hereof), all transfer and other taxes (including franchise, capital stock and other taxes, other than income taxes, imposed by any jurisdiction), if any, which are required to be paid in connection with the sale and transfer of the Securities to the Underwriter hereunder shall have been fully paid or provided for by the Company, and all laws imposing such taxes shall have been fully complied with.

(s) EXHIBITS. All contracts and other documents of the Company or the Subsidiary described in the Registration statement or the Prospectus or to be filed as exhibits to the Registration Statement, have been described in the Registration Statement or the Prospectus or filed with the Commission, as required under the Rules and Regulations.

(t) SUBSIDIARIES. Rockwell Medical Transportation, Inc. is the Company's only subsidiary and is wholly-owned by the Company.

(u) SHAREHOLDER AGREEMENTS, REGISTRATION RIGHTS. Except as described in the Prospectus, no security holder of the Company has any rights with respect to the purchase, sale or registration of any Securities, and all registration rights with respect to the Offering have been waived.

(v) NO STABILIZATION OR MANIPULATION. Neither the Company nor, to the Company's knowledge, any of its officers or directors or any of its employees or stockholders, have taken and will not take, directly or indirectly, any action designed to cause or result in, or which has constituted or which might reasonably be expected to constitute, under the Exchange Act or otherwise, the stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Securities.

(w) NO FINDERS. Except as described in the Prospectus and amounts previously paid to Maidstone Financial, Inc., to the knowledge of the Company or the Subsidiary, there are no claims, payments, issuances, arrangements or understandings for services in the nature of a finder's or origination fee with respect to the sale of the Securities hereunder or any other arrangements, agreements, understandings, commitments, payments or issuances of securities with respect to the Company that may affect the Underwriter's compensation, as determined by

the National Association of Securities Dealers, Inc. ("NASD").

(x) LOCK-UP AGREEMENTS. The Company has obtained from each director, officer and existing stockholder of the Company (the "Existing Shareholders"), a LockUp Agreement (as defined in Section 3(r) hereof) in the form previously delivered.

(y) LICENSING AND ACCREDITATION. The Company has at all times since the commencement of its business been in compliance with all federal, state and local laws, rules and regulations applicable to the nature of its business and operations. The Company has all necessary licenses to operate its business.

(aa) NO ADVERSE EFFECT OF TRANSACTION CONTEMPLATED HEREBY. Neither the completion of the Offering nor any of the transactions contemplated herein or in the Prospectus, including but not limited to the issuance of any of the Securities, will result in a "change of control" or the loss of, or have any adverse effect on, the maintenance in good standing of the Company's licenses.

2. PURCHASE, DELIVERY AND SALE OF SECURITIES

(a) PURCHASE PRICE FOR SECURITIES. The Securities shall be sold to and purchased by the Underwriter at the purchase price of \$3.60 per share of Common Stock and \$.09 per Warrant (that being the public offering price of \$4.00 per share of Common Stock and \$.10 per Warrant less an underwriting discount of 10 percent) (the "Purchase Price").

(b) FIRM SECURITIES.

(i) Subject to the terms and conditions of this Agreement, and on the basis of the representations, warranties and agreements herein contained the Company agrees to issue and sell to the Underwriter, and the Underwriter, agrees to buy from the Company at the Purchase Price (the "Firm Securities").

(ii) Delivery of the Firm Securities against payment therefor shall take place at the offices of Mason Hill & Co., Inc., 110 Wall Street, New York, New York 10005 (or at such other place as may be designated by agreement between you and the Company) at 10:00 a.m., New York Time, on _____, 1997, or at such later time and date, not later than three business days after the Effective Date, as you may designate (such time and date of payment and delivery for the Firm Securities being herein called the "First Closing Date"). Time shall be of the essence and delivery of the Firm Securities at the time and place specified in this Section 2(b)(ii) is a further condition to the obligations of the Underwriter hereunder.

(c) OPTION SECURITIES.

(i) In addition, subject to the terms and conditions of this Agreement, and on the basis of the representations, warranties and agreements herein contained, the Company hereby grants to Mason Hill an option (the "Over-Allotment Option"), to purchase from the Company all or any part of an additional 270,000 shares of Common Stock and/or 405,000 Warrants at the Purchase Price (the "Option Securities").

(ii) The Over-Allotment Option may be exercised by Mason Hill, in whole or in part, within forty-five days after the Effective Date, upon written notice by Mason Hill to the Company advising it of the number of Option Securities as to which the Over- Allotment Option is being exercised, the names and denominations in which the certificates for the Shares and the Warrants are to be registered, and the time and date when such certificates are to be delivered. Such time and date shall be determined by you but shall not be less than two nor more than ten business days after exercise of the Over-Allotment Option, nor in any event prior to the First Closing Date (such time and date being herein called the "Option Closing Date"). Delivery of the Option Securities against payment therefor shall take place at Mason Hill's offices. Time shall be of the essence and delivery at the time and place specified in this Section 2(c)(ii) is a further condition to the obligations of the Underwriter hereunder.

(iii) The Over-Allotment may be exercised only to cover over-allotments in the sale by the Underwriter of Firm Securities.

(d) DELIVERY OF CERTIFICATES; PAYMENT.

(i) The Company shall make the certificates for the Shares and the Warrants to be purchased hereunder available to you for checking at least two full business days prior to the First Closing Date or the Option Closing Date (each, a "Closing Date"), as the case may be. The certificates shall be in such names and denominations as you may request at least two business days prior to the relevant Closing Date. Time shall be of the essence and the availability of the certificates at the time and place specified in this Section 2(d)(i) is a further condition to the obligations of the Underwriter hereunder.

(ii) On the First Closing Date the Company shall deliver to you for the account of the Underwriter definitive engraved certificates in negotiable form representing all of the Shares and the Warrants to be sold by the Company, against payment of the Purchase Price therefor by you for the several account of the Underwriter, by certified or bank cashier's checks payable in New York Clearing House funds to the order of the Company.

(iii) In addition, if and to the extent that Mason Hill exercises the Over-Allotment Option, then on the Option Closing Date the Company shall deliver to you for the account of Mason Hill or its designees definitive engraved certificates in negotiable form

representing the Shares and the Warrants to be sold by the Company, against payment of the Purchase Price therefor by Mason Hill for the account of Mason Hill or its designees, by certified or bank cashier's checks payable in next day funds to the order of the Company.

(iv) It is understood that the Underwriter proposes to offer the Shares and Warrants to be purchased hereunder to the public, upon the terms and conditions set forth in the Registration Statement, after the Registration Statement becomes effective.

3. COVENANTS OF THE COMPANY. The Company covenants and agrees with the Underwriter that:

(a) REGISTRATION.

(i) The Company shall use its best efforts to cause the Registration Statement to become effective and, upon notification from the Commission that the Registration Statement has become effective, shall so advise you and shall not at any time, whether before or after the Effective Date, file any amendment to the Registration Statement or any amendment or supplement to the Prospectus of which you shall not previously have been advised and furnished with a copy, or to which you or Underwriter's Counsel shall have objected in writing, or which is not in compliance with the Act and the Rules and Regulations.

(ii) Promptly after you or the Company shall have been advised thereof, you shall advise the Company or the Company shall advise you, as the case may be, and confirm such advice in writing, of (A) the receipt of any comments of the Commission, (B) the effectiveness of any post-effective amendment to the Registration Statement, (C) the filing of any supplement to the Prospectus or any amended Prospectus, (D) any request made by the Commission for amendment of the Registration Statement or amendment or supplementing of the Prospectus, or for additional information with respect thereto, or (E) the issuance by the Commission or any state or regulatory body of any stop order or other order denying or suspending the effectiveness of the Registration Statement, or preventing or suspending the use of any Preliminary Prospectus, or suspending the qualification of the Securities for offering in any jurisdiction, or otherwise preventing or impairing the Offering, or the institution or threat of any proceeding for any of such purposes. The Company and you shall not acquiesce in such order or proceeding, and shall instead actively defend such order or proceeding, unless the Company and you agree in writing to such acquiescence.

(iii) The Company has caused to be delivered to you copies of each Preliminary Prospectus, and the Company has consented and hereby consents to the use of such copies for the purposes permitted by the Act. The Company authorizes the Underwriter and selected dealers to use the Prospectus in connection with the sale of the shares of Common Stock and Warrants for such period as in the opinion of Underwriter's Counsel the use thereof is required to comply with the applicable provisions of the Act and the Rules and Regulations. In case of the happening, at any time within such period as a prospectus is required under the Act to be delivered in connection with sales by an underwriter or dealer, of any event of which the

Company has knowledge and which materially affects the Company or the Securities, or which in the opinion of Company Counsel or of Underwriter's Counsel should be set forth in an amendment to the Registration Statement or an amendment or supplement to the Prospectus in order to make the statement made therein not then misleading, in light of the circumstances existing at the time the Prospectus is required to be delivered to a purchaser of the shares of Common Stock and Warrants, or in case it shall be necessary to amend or supplement the Prospectus to comply with the Act or the Rules and Regulations, the Company shall notify you promptly and forthwith prepare and furnish to the Underwriter copies of such amended Prospectus or of such supplement to be attached to the Prospectus, in such quantities as you may reasonably request, in order that the Prospectus, as so amended or supplemented, shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements in the Prospectus, in the light of the circumstances under which they are made, not misleading. The preparation and furnishing of each such amendment to the Registration Statement, amended Prospectus or supplement to be attached to the Prospectus shall be without expense to the Underwriter, except that in the case that the Underwriter is required, in connection with the sale of the shares of Common Stock and Warrants, to deliver a prospectus nine months or more after the Effective Date, the Company shall upon your request and at the expense of the Underwriter, amend the Registration Statement and amend or supplement the Prospectus, or file a new registration statement, if necessary, and furnish the Underwriter with reasonable quantities of prospectuses complying with section 10(a)(3) of the Act.

(iv) The Company will deliver to you at or before the First Closing Date two signed copies of the Registration Statement including all financial statements and exhibits filed therewith, and of all amendments thereto. The Company will deliver to or upon your order, from time to time until the Effective Date as many copies of any Preliminary Prospectus filed with the Commission prior to the Effective Date as the Underwriter may reasonably request. The Company will deliver to you on the Effective Date and thereafter for so long as a Prospectus is required to be delivered under the Act, from time to time, as many copies of the Prospectus, in final form, or as thereafter amended or supplemented, as the Underwriter may from time to time reasonably request.

(v) The Company shall comply with the Act, the Rules and Regulations, and the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations promulgated thereunder in connection with the offering and issuance of the Securities in all material respects.

(b) BLUE SKY. The Company shall, at its own expense, use its best efforts to qualify or register the Securities for sale (or obtain an exemption from registration) under the securities or "blue sky" laws of such jurisdictions as you may designate, and shall make such applications and furnish such information to Underwriter's Counsel as may be required for that purpose, and shall comply with such laws; provided, however, that the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to execute a general consent to service of process in any jurisdiction in any action other than one arising out of the offering or sale of the shares of Common Stock and Warrants. The Company shall bear all of

the expense of such qualifications and registrations, including without limitation the legal fees and disbursements of Underwriter's Counsel, which fees, exclusive of disbursements, shall not exceed \$35,000 (unless otherwise agreed) of which \$10,000 has been paid. After each Closing Date the Company shall, at its own expense, from time to time prepare and file such statements and reports as may be required to continue each such qualification (or maintain such exemption from registration) in effect for so long a period as required by law, regulation or administrative policy in connection with the offering of the Securities.

(c) EXCHANGE ACT REGISTRATION. The Company shall at its own expense, prepare and file with the Commission a registration statement (on Form 8-A or Form 10) under section 12 of the Exchange Act, and shall use its best efforts to cause such registration statement to be declared effective by the Commission on an accelerated basis on the Effective Date and maintained in effect for at least five years from the Effective Date.

(d) PROSPECTUS COPIES. The Company shall deliver to you on or before the First Closing Date a copy of the Registration Statement including all financial statements, schedules and exhibits filed therewith, and of all amendments thereto. The Company shall deliver to or on the order of the Underwriter, from time to time until the Effective Date, as many copies of any Preliminary Prospectus filed with the Commission prior to the Effective Date as the Underwriter may reasonably request. The Company shall deliver to the Underwriter on the Effective Date, and thereafter for so long as a prospectus is required to be delivered under the Act, from time to time, as many copies of the Prospectus, in final form, or as thereafter amended or supplemented, as the Underwriter may from time to time reasonably request.

(e) AMENDMENTS AND SUPPLEMENTS. The Company shall, promptly upon your request, prepare and file with the Commission any amendments to the Registration Statement, and any amendments or supplements to the Preliminary Prospectus or the Prospectus, and take any other action which in the reasonable opinion of Underwriter's Counsel and Company Counsel may be reasonably necessary or advisable in connection with the distribution of the Units, and shall use its best efforts to cause the same to become effective as promptly as possible.

(f) CERTAIN MARKET PRACTICES. The Company has not taken, and shall not take, directly or indirectly, any action designed, or which might reasonably be expected, to cause or result in, or which has constituted, the stabilization or manipulation of the price of the Securities to facilitate the sale or resale thereof.

(g) CERTAIN REPRESENTATIONS. Neither the Company nor any representative of the Company has made or shall make any written or oral representation in connection with the Offering and sale of the Securities or the Underwriter's Warrant which is not contained in the Prospectus, which is otherwise inconsistent with or in contravention of anything contained in the Prospectus, or which shall constitute a violation of the Act, the Rules and Regulations, the Exchange Act or the rules and regulations promulgated under the Exchange Act.

(h) CONTINUING REGISTRATION OF WARRANTS AND UNDERLYING COMMON STOCK.

For so long as any Warrant is outstanding, the Company shall, at its own expense: (i) use its reasonable best efforts to cause post-effective amendments to the Registration Statement, or new registration statements relating to the Warrants and the Common Stock underlying the Warrants to become effective in compliance with the Act and without any lapse of time between the effectiveness of the Registration Statement and of any such post-effective amendment or new registration statement; provided, however, that the Company shall have no obligation to maintain the effectiveness of such Registration Statement or file a new Registration Statement, or to keep available a prospectus at any time at which such registration or prospectus is not then required; (ii) cause a copy of each Prospectus, as then amended, to be delivered to each holder of record of a Warrant; (iii) furnish to the Underwriter and dealers as many copies of each such Prospectus as the Underwriter or dealers may reasonably request; and (iv) maintain the "blue sky" qualification or registration of the Warrants and the Common Stock underlying the Warrants, or have a currently available exemption therefrom, in each jurisdiction in which the Securities were so qualified or registered for purposes of the Offering.

(i) USE OF PROCEEDS. The Company shall apply the net proceeds from the sale of the shares of Common Stock and Warrants substantially for the purposes set forth in the Prospectus under the caption "USE OF PROCEEDS," and shall file such reports with the Commission with respect to the sale of the shares of Common Stock and Warrants and the application of the proceeds therefrom as may be required pursuant to Rule 463 of the Rules and Regulations.

(j) TWELVE MONTHS' EARNINGS STATEMENT. The Company shall make generally available to its security holders and deliver to you as soon as it is practicable so to do, but in no event later than ninety days after the end of twelve months after the close of its current fiscal quarter, an earnings statement (which need not be audited) covering a period of at least twelve consecutive months beginning after the Effective Date, which shall satisfy the requirements of section 11(a) of the Act.

(k) NASDAQ EXCHANGE LISTINGS, ETC. The Company shall immediately make all filings required to seek approval for the quotation of the Securities on the NASDAQ SmallCap Market ("NASDAQ") and shall use its best efforts to effect and maintain such approval for at least five years from the Effective Date. Within 10 days after the Effective Date, the Company shall also use its best efforts to list itself, on an expedited basis, in Moody's OTC Industrial Manual, Standard and Poor's Corporation Descriptions or other recognized securities manuals acceptable to the Underwriter and to cause such listing to be maintained for five years from the Effective Date.

(l) BOARD OF DIRECTORS. For a period of three (3) years after the First Closing Date, the Company shall nominate and use its best efforts to engage a designee of Mason Hill as a nonvoting advisor to the Company's Board of Directors (the "Advisor") or, in lieu thereof, to designate an individual for election as a director, in which case the Company shall use its best efforts to have such individual elected as a director. The designee may be a director,

officer, partner, employee or affiliate of an Underwriter, and Mason Hill shall designate such person in writing to the Board. In the event Mason Hill shall not have designated such individual at the time of any meeting of the Board or such person is unavailable to serve, the Company shall notify Mason Hill of each meeting of the Board. An individual, if any, designated by Mason Hill shall receive all notices and other correspondence and communications sent by the Company to members of the Board. Such Advisor shall be entitled to receive reimbursement for all reasonable costs incurred in attending such meetings including, but not limited to, food, lodging, and transportation. In addition, such Advisor shall be entitled to the same compensation as the Company gives to other non-employee directors for acting in such capacity. The Company further agrees that, during said three (3) year period, it shall schedule no less than four (4) formal and "in person" meetings of its Board of Directors in each such year at which meetings such Advisor shall be permitted to attend as set forth herein; said meetings shall be held quarterly each year and thirty (30) days advance notice of such meetings shall be given to the Advisor. Further, during such three (3) year period, the Company shall give notice to Mason Hill with respect to any proposed acquisitions, mergers, reorganizations or other similar transactions.

The Company agrees to indemnify and hold harmless the Underwriter and the Advisor against any and all claims, actions, damages, costs and expenses, and judgments arising solely out of the attendance and participation of the Advisor at any such meeting described herein. In the event the Company maintains a liability insurance policy affording coverage for the acts of its officers and directors, it agrees, if possible, to include the Advisor as an insured under such policy.

(m) PERIODIC REPORTS. For so long as the Company is a reporting company under section 12(g) or section 15(d) of the Exchange Act, the Company shall, at its own expense, hold an annual meeting of stockholders for the election of directors within 180 days after the end of each of the Company's fiscal years and, within 150 days after the end of each of the Company's fiscal years, and furnish to its stockholders an annual report (including financial statements audited by certified public accountants) in reasonable detail. In addition, during the period ending five years from the date hereof, the Company shall, at its own expense, furnish to you: (i) within 90 days of the end of each fiscal year, a balance sheet of the Company and the Subsidiary as at the end of such fiscal year, together with statements of income, stockholders' equity and cash flows of the Company and the Subsidiary as at the end of such fiscal year, all in reasonable detail and accompanied by a copy of the certificate or report thereon of certified public accountants; (ii) as soon as they are available, a copy of all reports (financial or otherwise) distributed to security holders; (iii) as soon as they are available, a copy of all non- confidential reports and financial statements furnished to or filed with the Commission; and (iv) such other information as you may from time to time reasonably request. The financial statements referred to herein shall be on a consolidated basis to the extent the accounts of the Company and the Subsidiary are consolidated in reports furnished to its stockholders generally.

(n) FORM S-8 REGISTRATIONS. For a period of two years following the First Closing Date, the Company shall not, without Mason Hill's prior written consent, register

or otherwise facilitate the registration of any of its securities issuable upon the exercise of options, warrants (other than up to 450,000 options issued pursuant to the Company's Stock Option Plan, the Warrants and the Underwriter's Warrant) or other rights, whether by means of a Registration Statement on Form S-8 or otherwise.

(o) FUTURE SALES. For a period of two years following the First Closing Date, the Company shall not, without Mason Hill's prior written consent, sell or otherwise dispose of any securities of the Company, including but not limited to the issuance of any Common Stock, and the granting of any options or warrants. Notwithstanding the foregoing, the Company may at any time issue shares of Common Stock pursuant to the exercise of the Warrants, the Underwriter's Warrant, the Warrants underlying the Underwriter's Warrant and options, warrants or conversion rights issued and outstanding on the Effective Date and described in the Prospectus.

(p) REGULATION S SALES. For a period of two years following the First Closing Date, the Company shall not issue or sell any securities pursuant to Regulation S of the Rules and Regulations under the Act, without Mason Hill's prior written consent.

(q) AGREEMENTS WITH STOCKHOLDERS, DIRECTORS AND OFFICERS. The Company shall cause each of the Company's existing stockholders, directors and officers to enter into written agreements with Mason Hill (the "Lock-up Agreements") prior to the Effective Date, that, for a period of thirteen months from the Effective Date, they will not, without the consent of Mason Hill, (i) publicly sell any securities of the Company owned directly or indirectly by them or owned beneficially by them (as defined in the Exchange Act), or (ii) otherwise sell, or transfer such securities unless the transferee agrees in writing to be bound by an identical lock-up.

(r) WARRANT SOLICITATION. Upon the exercise of any Warrants on or after the first anniversary of the Effective Date, the Company shall pay to Mason Hill a commission of five (5%) percent of the aggregate exercise price of such Warrants, a portion of which may be reallocated by Mason Hill to the dealer who solicited the exercise (which may also be you), if: (i) the market price of the Common Stock is greater than the exercise price of the Warrant on the date of exercise; (ii) the exercise of the Warrant was solicited by a member of the NASD; (iii) the Warrant is not held in a discretionary account; (iv) the disclosure of the compensation arrangements has been made in documents provided to customers, both as part of the Offering and at the time of exercise; and (v) the solicitation of the Warrant was not in violation of Regulation M promulgated under the Exchange Act. No commission shall be paid to you on any Warrant exercise prior to the first anniversary of the Effective Date, or on any Warrant exercised at any time without solicitation by Mason Hill or a soliciting dealer.

(s) AVAILABLE SHARES. The Company shall reserve and at all times keep available that maximum number of it authorized but unissued shares of Common Stock which are issuable upon exercise of options pursuant to the Company's Stock Option Plan, the Warrants, the Underwriter's Warrant, and the Warrants issuable upon exercise of the Underwriter's Warrant, in each case taking into account the anti-dilution provisions thereof.

(t) FINANCIAL CONSULTING AGREEMENT. On the First Closing Date and simultaneously with the delivery of the Firm Securities, the Company shall execute and deliver to Mason Hill an agreement with Mason Hill, or its representative, in the form previously delivered to the Company by Mason Hill, regarding the services of Mason Hill or its representative a financial consultant to the Company (the "Financial Consulting Agreement"), for a twenty-four month period commencing as of the date hereof at a fee equal to \$4,166 per month which shall be paid in its entirety on the First Closing Date.

(u) MANAGEMENT. On each Closing Date, the President of the Company shall be Robert Chioini. Prior to the Effective Date, the Company shall have obtained "key- employee" life insurance coverage in the amount of \$1,000,000 on Mr. Chioni. Prior to the Effective Date, the Company shall have entered into an employment agreement with Mr. Chioini as set forth in the Registration Statement.

(v) STOCK TRANSFER SHEETS. The Company shall instruct its Transfer Agent (as defined in Section 4(h) hereto) to deliver to you copies of all advice sheets showing the daily transfer of the outstanding shares of Common Stock and Warrants sold by the Company in the public offering and shall, at its own expense, furnish you weekly for the first six weeks following the First Closing Date and monthly thereafter during the period ending three years following the First Closing Date with Depository Trust Company stock transfer sheets.

(w) PUBLIC RELATIONS. Prior to the Effective Date the Company shall have retained a public relations firm reasonably acceptable to you, and shall continue to retain such firm, or an alternate firm reasonably acceptable to Mason Hill, for a period of twelve (12) months.

(x) ADDITIONAL REPRESENTATIONS. The Company shall engage the Underwriter's Counsel to provide the Underwriter, at the First Closing Date and quarterly thereafter, until such time as the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ National Market System, with an opinion, setting forth those states in which the Common Stock may be traded in non-issuer transactions under the blue sky laws of the fifty states. The Company shall pay the Underwriter's Counsel a one-time fee of \$12,500 at the First Closing Date for such opinions.

(aa) BOUND VOLUMES. Within a reasonable time after the First Closing Date, the Company shall deliver to you, at the Company's expense, five bound volumes in form and content acceptable to Mason Hill, containing the Registration Statement and all exhibits filed therewith and all amendments thereto, and all other agreements, correspondence, filings, certificates and other documents filed and/or delivered in connection with the Offering.

4. CONDITIONS TO UNDERWRITER'S OBLIGATIONS. The obligations of the Underwriter to purchase and pay for the shares of Common Stock and Warrants which you have agreed to purchase hereunder are subject to the accuracy (as of the date hereof and as of each Closing Date) of and compliance with the representations and warranties of the

Company contained herein, the performance by the Company of all of their respective obligations hereunder and the following further conditions:

(a) EFFECTIVE REGISTRATION STATEMENT; NO STOP ORDER. The Registration Statement shall have become effective and you shall have received notice thereof not later than 6:00 p.m., New York time, on the date of this Agreement, or at such later time or on such later date as to which you may agree in writing. In addition, on each Closing Date (i) no stop order denying or suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for that or any similar purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission, and (ii) all requests on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Underwriter's Counsel.

(b) OPINION OF COMPANY COUNSEL. On the First Closing Date, you shall have received the opinion, dated as of the First Closing Date, of Company Counsel, in form and substance satisfactory to the Underwriter's Counsel, to the effect that:

(i) the Company and the Subsidiary have been duly incorporated and validly exist as corporations in good standing under the laws of their respective jurisdictions of incorporation, with full corporate power and authority to own their properties and conduct their business as described in the Prospectus, and are duly qualified or licensed to do business as foreign corporations and are in good standing in each other jurisdiction in which the nature of their business or the character or location of their properties requires such qualification, except where failure to so qualify will not have a material adverse affect on the business, properties or financial condition of the Company or the Subsidiary, as the case may be;

(ii) (A) the authorized capitalization of the Company as of the date of the Prospectus was as is set forth in the Prospectus under the caption "CAPITALIZATION;" (B) all of the shares of Common Stock now outstanding have been duly authorized and validly issued, are fully paid and non-assessable, conform in all material respects to the description thereof contained in the Prospectus, have not been issued in violation of the preemptive rights of any stockholder and, except as described in the Prospectus, are not subject to any restrictions upon the voting or transfer thereof; (C) all of the shares of Common Stock and all of the Warrants have been duly authorized and, when issued and delivered to the Underwriter against payment therefor as provided herein, shall be validly issued, fully paid and non-assessable, shall not have been issued in violation of the preemptive rights of any stockholder, and no personal liability shall attach to the ownership thereof; (D) the stockholders of the Company do not have any preemptive rights or other rights to subscribe for or purchase, and except for the transfer restrictions imposed by Rule 144 of the Rules and Regulations

promulgated under the Act or contained in the Lock-up Agreements executed with the Underwriter, there are no restrictions upon the voting or transfer of, any of the Securities; (E) the shares of Common Stock and the Warrants the Warrant Agreement and the Underwriter's Warrant conform in all material respects to the respective descriptions thereof contained in the Prospectus; (F) all issuances of the Company's securities have been made in compliance with, or under an exemption from, the Act and applicable state securities laws; (G) a sufficient number of shares of Common Stock has been reserved, for all times when any of the Warrants (including the Warrants issuable upon exercise of the Underwriter's Warrant) are outstanding, for issuance upon exercise of all of the Warrants; and (H) to the knowledge of such counsel, neither the filing of the Registration Statement nor the offering or sale of the shares of Common Stock and Warrants as contemplated by this Agreement gives rise to any registration rights or other rights, other than those which have been effectively waived or satisfied or described in the Prospectus, for or relating to the registration of any securities of the Company;

(iii) the certificates evidencing the shares of Common Stock and the Warrants are each in valid and proper legal form; and the Warrants are exercisable for shares of Common Stock in accordance with the terms of the Warrants and at the prices therein provided for;

(iv) this Agreement, the Warrant Agreement, the Underwriter's Warrant, and the Financial Consulting Agreement have been duly and validly authorized, executed and delivered by the Company and (assuming due execution and delivery thereof by the Underwriter and/or American Stock Transfer & Trust Company, as the case may be) all of such agreements are, or when duly executed shall be, the valid and legally binding obligations of the Company, enforceable in accordance with their respective terms (except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the rights of creditors generally); provided, however, that no opinion need to be expressed as to the enforceability of the indemnity provisions contained in Section 6 or the contribution provisions contained in Section 7;

(v) to the knowledge of such counsel, other than as described in the Prospectus (A) there is no pending, threatened or contemplated legal or governmental proceeding affecting the Company or the Subsidiary which could materially and adversely affect the business, property, operations, condition (financial or otherwise) or earnings of the Company or the Subsidiary, or which questions the validity of the Offering, the Securities, this Agreement, the Warrant Agreement, the Underwriter's Warrant, or the Financial Consulting Agreement or of any action taken or to be taken by the Company pursuant thereto; and (B) there is no legal or governmental regulatory proceeding required to be described or referred to in the Registration Statement which is not so described or referred to;

(vi) to the knowledge of such counsel, (A) the Company is not in violation of or default under this Agreement, the Warrant Agreement, the Underwriter's Warrant, or the Financial Consulting Agreement; and (B) to the knowledge of such counsel, the execution and delivery hereof and thereof and consummation of the transactions herein or therein contemplated shall not result in a material violation of, or constitute a default under, the Certificate of Incorporation or By-laws of the Company or the certificate of incorporation or by-laws of the Subsidiary, or any material obligation, agreement, covenant of condition contained in any bond, debenture, note or other evidence of indebtedness, or in any material contract, indenture, mortgage, loan agreement, lease, joint venture or other agreement or instrument to which the Company or the Subsidiary is a party or by which the assets of the Company or the Subsidiary are bound, or any material order, rule, regulation, writ, injunction or decree of any government, governmental instrumentality or court applicable to the Company or the Subsidiary;

(vii) to the knowledge of such counsel, (a) the Company and the Subsidiary have obtained, or are in the process of obtaining, all licenses, permits and other governmental authorizations necessary to the conduct of its business as described in the Prospectus, (b) such obtained licenses, permits and other governmental authorizations are in full force and effect, and (c) the Company and the Subsidiary are in all material respects complying therewith;

(viii) the Registration Statement has become effective under the Act, and to the knowledge of such counsel, no stop order denying or suspending the effectiveness of the Registration Statement is in effect, and no proceedings for that or any similar purpose have been instituted or are pending before or threatened by the Commission;

(ix) the Registration Statement and the Prospectus (except for the financial statements, notes thereto and other financial information and statistical data contained therein, as to which counsel need not express an opinion) comply as to form in all material respects with the Act and the Rules and Regulations;

(x) all descriptions contained in the Registration Statement and the Prospectus, and any amendments or supplements thereto, of contracts and other documents are accurate and fairly present the information required to be described, and such counsel is familiar with all contracts and other documents referred to in the Registration Statement and the Prospectus, and any such amendment or supplement, or filed as exhibits to the Registration Statement and, to the knowledge of such counsel, no contract, document, license or permit of a character required to be summarized or described therein or to be filed as an exhibit thereto is not so summarized, described or filed.

(xi) the statements in the Registration Statement and the Prospectus under the captions "Risk Factors," "Use of Proceeds," "Business," "Management," and "Description of Securities," which purport to summarize the provisions of agreements, licenses, statutes or rules and regulations, have been reviewed by such counsel and are accurate summaries in all material respects;

(xii) except for registration under the Act and registration or qualification of the Securities under applicable state or foreign securities or blue sky laws, no authorization, approval, consent or license of any governmental or regulatory authority or agency is necessary in connection with: (A) the authorization, issuance, sale, transfer or delivery of the Securities by the Company in accordance with this Agreement; (B) the execution, delivery and performance of this Agreement by the Company or the taking of any action contemplated herein; (C) the issuance of the Underwriter's Warrant in accordance with this Agreement or the Securities issuable upon exercise thereof; or the taking of any action contemplated herein.

Such opinion shall also state that Company Counsel's examination of the Registration Statement and its discussions with the Company and its independent auditors did not disclose any information which gives Company Counsel reason to believe that the Registration Statement (other than the financial statements and other financial and statistical information as to which counsel need not express an opinion) at the time it became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus (other than the schedules, financial statements and other financial and statistical information as to which no view is expressed) at the time it became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus (other than the financial statements and other financial and statistical information as to which counsel need not express an opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. In addition, such opinion shall also cover such matters incident to the transactions contemplated hereby as you or Underwriter's Counsel shall reasonably request. In rendering such opinion, Company Counsel may rely as to matters of fact upon certificates of officers of the Company, and of public officials, and may rely as to all matters of law other than the law of the United States or the State of New York and the General Corporation Law of the State of Michigan upon opinions of counsel satisfactory to you, in which case the opinion shall state that they have no reason to believe that you and they are not entitled so to rely.

(c) CORPORATE PROCEEDINGS. All corporate proceedings and other legal matters relating to this Agreement, the Registration Statement, the Prospectus and other related matters shall be reasonably satisfactory to or approved by Underwriter's Counsel.

(d) COMFORT LETTER. Prior to the Effective Date, and again on and as of the First Closing Date, you shall have received a letter from Coopers & Lybrand, certified public accountants for the Company, satisfactory in form and substance to the Underwriter's Counsel.

(e) BRING DOWN. At each of the Closing Dates, (i) the representations and warranties of the Company contained in this Agreement shall be true and correct with the same effect as if made on and as of such Closing Date, and the Company shall have performed all of its obligations hereunder and satisfied all the conditions to be satisfied at or prior to such Closing Date; (ii) the Registration Statement and the Prospectus shall contain all statements which are required to be stated therein in accordance with the Act and the Rules and Regulations, and shall in all material respects conform to the requirements of the Act and the Rules and Regulations, and neither the Registration Statement nor the Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated or which they were made, not misleading; (iii) there shall have been, since the respective dates as of which information is given, no material adverse change in the business, property, operations, condition (financial or otherwise), earnings, capital stock, long-term or short-term debt or general affairs of the Company from that set forth in the Registration Statement and the Prospectus, except changes which the Registration Statement and Prospectus indicate might occur after the Effective Date, and the Company shall not have incurred any material liabilities nor entered into any material agreement other than as referred to in the Registration Statement and Prospectus; and (iv) except as set forth in the Prospectus, no action, suit or proceeding shall be pending or threatened against the Company before or by any commission, board or administrative agency in the United States or elsewhere, wherein an unfavorable decision, ruling or finding would materially adversely affect the business, property, operations, condition (financial or otherwise), earnings or general affairs of the Company. In addition, you shall have received, at the First Closing Date, a certificate signed by the principal executive officer and by the principal financial officer of the Company, dated as of the First Closing Date, evidencing compliance with the provisions of this Section 4(g).

(f) TRANSFER AND WARRANT AGENT. On or before the Effective Date, the Company shall have appointed American Stock Transfer & Trust Company (or other agent mutually acceptable to the Company and Mason Hill), as its transfer agent and warrant agent ("Transfer Agent") to transfer all of the shares of Common Stock and Warrants issued in the Offering, as well as to transfer other shares of the Common Stock outstanding from time to time.

(g) NASD APPROVAL OF UNDERWRITER'S COMPENSATION. By the Effective Date, the Underwriter shall have received clearance from the NASD as to the amount of compensation allowable or payable to the Underwriter, as described in the Registration Statement.

(h) CERTAIN FURTHER MATTERS. On each Closing Date, Underwriter's Counsel shall have been furnished with all such other documents and certificates as they may reasonably request for the purpose of enabling them to render their legal opinion to the

Underwriter and in order to evidence the accuracy and completeness of any of the representations, warranties or statements, the performance of any of the covenants, or the fulfillment of any of the conditions, herein contained.

(i) All proceedings taken in connection with the authorization, issuance or sale of the Securities, as herein contemplated shall be reasonably satisfactory in form and substance to the Underwriter and to Underwriter's Counsel;

(ii) On each Closing Date there shall have been duly tendered to you for your account the appropriate number of Securities;

(iii) No order suspending the sale of the Securities in any jurisdiction designated by you pursuant to Section 3(b) hereof shall have been issued on either Closing Date, and no proceedings for that purpose shall have been instituted or, to the knowledge of the Underwriter or the Company, shall be contemplated;

(iv) Prior to each Closing Date there shall not have been received or provided by the Company's independent public accountants or attorneys, qualifications to the effect of either difficulties in furnishing certifications as to material items including, without limitation, information contained within the footnotes to the financial statements, or as affecting matters incident to the issuance and sale of the Securities or as to corporate proceedings or other matters;

(v) On or prior to the First Closing Date, the Underwriter's Warrant, the Warrant Agreement and the Financial Consulting Agreement shall have been executed and delivered by the Company, and the Lock-Up Agreements shall have been executed and delivered by all of the Company's officers, directors and existing stockholders, to the Underwriter.

(i) ADDITIONAL CONDITIONS. Upon exercise of the Over-Allotment Option, Mason Hill's obligations to purchase and pay for the Option Securities shall be subject (as of the date hereof and as of the Option Closing Date) to the following conditions:

(i) The Registration Statement shall remain effective at the Option Closing Date, no stop order denying or suspending the effectiveness thereof shall have been issued, and no proceedings for that or any similar purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and all reasonable requests on the part of the Commission for additional information shall have been complied with to the satisfaction of Underwriter's Counsel.

(ii) On the Option Closing Date there shall have been delivered to you the signed opinion of Company Counsel, dated as of the Option Closing Date, in form and substance satisfactory to Underwriter's Counsel, which opinion shall be substantially the same in scope and substance as the opinion furnished to you on the First Closing Date pursuant to

Section 4(b), except that such opinion, where appropriate, shall cover the Option Units rather than the Firm Securities. If the First Closing Date is the same as the Option Closing Date, such opinions may be combined.

(iii) All proceedings taken at or prior to the Option Closing Date in connection with the sale and issuance of the Option Securities shall be satisfactory in form and substance to you, and you and Underwriter's Counsel shall have been furnished with all such documents, certificates and opinions as you may reasonably request in connection with this transaction in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or its compliance with any of the covenants or conditions contained herein.

(iv) On the Option Closing Date there shall have been delivered you a letter in form and substance satisfactory to Mason Hill from Coopers & Lybrand, dated the Option Closing Date addressed to you, confirming the information in their letter referred to in Section 4(f) as of the date thereof and stating that, without any additional investigation required, nothing has come to their attention during the period from the ending date of their review referred to in such letter to a date not more than five banking days prior to the Option Closing Date which would require any change in such letter if it were required to be dated the Option Closing Date.

Any certificate signed by any officer of the Company and delivered to the Underwriter or to Underwriter's Counsel shall be deemed a representation and warranty by the Company to the Underwriter as to the statements made therein. If any of the conditions herein provided for in this Section shall not have been completely fulfilled as of the date indicated, this Agreement and all obligations of the Underwriter under this Agreement may be cancelled at, or at any time prior to, each Closing Date by your notifying the Company of such cancellation in writing or by telecopy at or prior to the applicable Closing Date. Any such cancellation shall be without liability of any Underwriter to the Company, except as otherwise provided herein.

5. CONDITIONS TO THE OBLIGATIONS OF THE COMPANY. The obligations of the Company to sell and deliver the shares of Common Stock and Warrants are subject to the following conditions:

(a) EFFECTIVE REGISTRATION STATEMENT. The Registration Statement shall have become effective not later than 6:00 p.m. New York Time, on the date of this Agreement, or at such later time or on such later date as the Company and you may agree in writing.

(b) NO STOP ORDER. On the applicable Closing Date, no stop order denying or suspending the effectiveness of the Registration Statement shall have been issued under the Act or any proceedings therefor initiated or threatened by the Commission.

(c) PAYMENT FOR SECURITIES. On the applicable Closing Date, you shall have made payment, for the several accounts of the Underwriter, of the aggregate Purchase Price

for the shares of Common Stock and Warrants then being purchased by certified or bank cashier's checks payable in next day funds to the order of the Company.

If the conditions to the obligations of the Company provided by this Section 5 have been fulfilled on the First Closing Date but are not fulfilled after the First Closing Date and prior to the Option Closing Date, then only the obligation of the Company to sell and deliver the Option Securities upon exercise of the Over-Allotment Option shall be affected.

6. INDEMNIFICATION.

(a) INDEMNIFICATION BY THE COMPANY. As used in this Agreement, the term "Liabilities" shall mean any and all losses, claims, damages and liabilities, and actions and proceedings in respect thereof (including without limitation all reasonable costs of defense and investigation and all attorneys' fees) including without limitation those asserted by any party to this Agreement against any other party to this Agreement. The Company hereby indemnifies and holds harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of the Act, from and against all Liabilities, joint or several, to which the Underwriter or such controlling person may become subject, under the Act or otherwise, insofar as such Liabilities arise out of or are based upon: (i) any untrue statement or alleged untrue statement of any material fact, in light of the circumstances in which it was made, contained in (A) the Registration Statement or any amendment thereto, or the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto, or (B) 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 Securities under the securities laws thereof (any such application, document or information being herein called a "Blue Sky Application"); or (ii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, or the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto, or in any Blue Sky Application, a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which it was made, not misleading; provided, however, that the Company shall not be liable in any such case to the extent, but only to the extent, that any such Liabilities arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission (x) made in reliance upon and in conformity with written information furnished to the Company through you by or on behalf of the Underwriter specifically for use in the preparation of the Registration Statement or any such amendment thereto, or the Prospectus or any such Preliminary Prospectus, or any such amendment or supplement thereto, or any such Blue Sky Application or (y) corrected by the final Prospectus and the failure of the Underwriter to deliver the final Prospectus. The foregoing indemnity shall be in addition to any other liability which the Company may otherwise have.

(b) INDEMNIFICATION BY UNDERWRITER. The Underwriter hereby indemnifies and holds harmless the Company, each of its directors, each nominee (if any) for director named in the Prospectus, each of its officers who have signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, from and

against all Liabilities to which the Company or any such director, nominee, officer or controlling person may become subject under the Act or otherwise, insofar as such Liabilities arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto, or the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such Liabilities arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any amendment thereto, or the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company through you, by or on behalf of such Underwriter, specifically for use in the preparation thereof. In no event shall the Underwriter be liable under this Section 6(b) for any amount in excess of the compensation received by the Underwriter, in the form of underwriting discounts or otherwise, pursuant to this Agreement or any other agreement contemplated hereby. The foregoing indemnity shall be in addition to any other liability which the Underwriter may otherwise have.

(c) PROCEDURE. Promptly after receipt by an indemnified party under this Section 6 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 under this Section 6, notify in writing the indemnifying party of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 6 unless the rights of the indemnifying party have been prejudiced by such omission or delay. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, subject to the provisions hereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 6 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. The indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the indemnified party; provided, however, that the fees and expenses of such counsel shall be at the expense of the indemnifying party if (i) the employment of such counsel has been specifically authorized in writing by the indemnifying party, or (ii) the named parties to any such action (including any impleaded parties) include both such indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it which are different from or in addition to those available to the indemnifying party or that the indemnified and indemnifying party have conflicting interests which would make it inappropriate for the same counsel to represent both of them (in which case the indemnifying party shall have the right to assume the defense of such action

on behalf of the indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys). No settlement of any action against an indemnified party shall be made without the consent of the indemnified party, which shall not be unreasonably withheld in light of all factors of importance to such indemnified party.

7. CONTRIBUTION. In order to provide for just and equitable contribution under the Act in any case in which (a) any indemnified party makes claims for indemnification pursuant to Section 6 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 the express provisions of Section 6 provide for indemnification in such case, or (b) contribution under the Act may be required on the part of any indemnified party, then such indemnified party and each indemnifying party (if more than one) shall contribute to the aggregate Liabilities to which it may be subject, in either such case (after contribution from others) in such proportion that the Underwriter is responsible in the aggregate for the portion of such Liabilities represented by the percentage that the underwriting discount per share of Common Stock and Warrant appearing on the cover page of the Prospectus bears to the public Offering price per share of Common Stock and Warrant appearing thereon, and the Company shall be responsible for the remaining portion; provided, however, that if such allocation is not permitted by applicable law, then the relative fault of the Company, and the Underwriter in connection with the statements or omissions which resulted in such Liabilities and other relevant equitable considerations shall also be considered. The relative fault shall be determined by reference to, among other things, whether in the case of an untrue statement of material fact or the omission to state a material fact, such statement or omission relates to information supplied by the Company, or the Underwriter, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriter agree that it would not be just and equitable if the respective obligations of the Company, and the Underwriter to contribute pursuant to this Section 7 were to be determined by pro rata or per capita allocation of the aggregate Liabilities or by any other method of allocation that does not take account of the equitable considerations referred to in the first sentence of this Section 7. Moreover, the contribution of the Underwriter shall not be in excess of the cash compensation received by the Underwriter, in the form of underwriting discounts or otherwise, pursuant to this agreement or any other agreement contemplated hereby. No person guilty of a fraudulent misrepresentation (within the meaning of section 11(f) of the Act) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. As used in this Section 7, the term "Company" shall include any officer, director or person who controls the Company within the meaning of section 15 of the Act. If the full amount of the contribution specified in this Section 7 is not permitted by law, then each indemnified party and each person who controls an indemnified party shall be entitled to contribution from each indemnifying party to the full extent permitted by law. The foregoing contribution agreement shall in no way affect the contribution liabilities of any persons having

liability under section 11 of the Act other than the Company and the Underwriter. No contribution shall be requested with regard to the settlement of any matter from any party who did not consent to the settlement; provided, however, that such consent shall not be unreasonably withheld in light of all factors of importance to such party.

8. COSTS AND EXPENSES.

(a) CERTAIN COSTS AND EXPENSES. Whether or not this Agreement becomes effective or the sale of the shares of Common Stock and Warrants to the Underwriter is consummated, the Company shall pay all costs and expense incident to the issuance, offering, sale and delivery of the Units and the performance of its obligations under this Agreement, including without limitation: (i) all fees and expenses of the Company's legal counsel and accountants; (ii) all costs and expenses incident to the preparation, printing, filing and distribution of the Registration Statement (including the financial statements contained therein and all exhibits and amendments thereto), each Preliminary Prospectus and the Prospectus, each as amended or supplemented, this Agreement and the other underwriting documents, as well as the other agreements and documents referred to herein and the Blue Sky Memorandum; each in such quantities as you shall deem necessary; (iii) all fees of NASD required in connection with the filing required by NASD to be made by the Underwriter with respect to the Offering; (iv) all expenses, including fees (but not in excess of the amount set forth in Section 3(b)) and disbursements of Underwriter's Counsel in connection with the qualification of the Securities under the "blue sky" laws which you shall designate; (v) all costs and expenses of printing the respective certificates representing the shares of Common Stock and the Warrants; (vi) the expense of placing one or more "tombstone" advertisements or promotional materials as directed by you (provided, however, that the aggregate amount thereof shall not exceed \$10,000) and of offering memorabilia; (vii) all costs and expenses of the Company and its employees (but not of the Underwriter or its employees) associated with due diligence meetings and presentations (including the payment for road show conference centers); (viii) all costs and expenses associated with the preparation of a seven to ten minute professional video presentation concerning the Company, its products and its management for broker due diligence purposes; (ix) any and all taxes (including without limitation any transfer, franchise, capital stock or other tax imposed by any jurisdiction) on sales of the shares of Common Stock and Warrants to the Underwriter hereunder; and (x) all costs and expenses incident to the furnishing of any amended Prospectus or any supplement to be attached to the Prospectus as required by Sections 3(a) and 3(d), except as otherwise provided by said Sections. In addition, the Company shall engage Underwriter's Counsel to provide the Underwriter, at the Closing and quarterly thereafter, until such time as the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange or quoted on NASDAQ/NMS, with a memorandum, setting forth those states in which the Common Stock and the Warrants may be traded in non-issuer transactions under the blue sky laws of the 50 states. The Company shall pay such counsel a one-time fee of \$12,500 at the Closing for such opinions.

(b) UNDERWRITER'S EXPENSE ALLOWANCE. In addition to the expenses described in Section 8(a), the Company shall on the First Closing Date pay to Mason Hill a non-

accountable expense allowance, which shall include fees of Underwriter's Counsel, exclusive of the fees referred to in Section 3(b), of \$224,100 (that being an amount equal to three percent (3%) of the gross proceeds received upon sale of the Firm Securities). In the event that the Over- Allotment Option is exercised, then the Company shall, on the Option Closing Date, pay to Mason Hill, based on the number of Option Securities to be sold by the Company, an additional amount equal to three percent (3%) of the gross proceeds received upon sale of the Option Securities, in the amount of \$33,615 if the Over-Allotment Option is exercised in full.

(c) NO FINDERS. No person is entitled either directly or indirectly to compensation from the Company, the Underwriter or any other person for services as a finder in connection with the Offering, and the Company hereby indemnifies and holds harmless the Underwriter, and the Underwriter hereby indemnifies and holds harmless the Company from and against all Liabilities, joint or several, to which the indemnified party may become subject insofar as such Liabilities arise out of or are based upon the claim of any person (other than an employee of the party claiming indemnity) or entity that he or it is entitled to a finder's fee in connection with the Offering by reason of such person's or entity's influence or prior contact with the indemnifying party.

9. EFFECTIVE DATE. The Agreement shall become effective upon its execution, except that you may, at your option, delay its effectiveness until 10:00 a.m., New York time, on the first full business day following the Effective Date, or at such earlier time after the Effective Date as you in your discretion shall first commence the initial public offering by the Underwriter of any of the shares of Common Stock and Warrants. The time of the initial public offering shall mean the time of release by you of the first newspaper advertisement which is subsequently published with respect to the shares of Common Stock and Warrants, or the time when the shares of Common Stock and Warrants are first generally offered by you to dealers by letter or telegram, whichever shall first occur. This Agreement may be terminated by you at any time before it becomes effective as provided above, except that the provisions of Sections 3(x), 6, 7, 8, 12, 13, 14 and 15 shall remain in effect notwithstanding such termination.

10. TERMINATION.

(a) GROUNDS FOR TERMINATION.

(i) This Agreement, except for Sections 3(x), 6, 7, 8, 12, 13, 14 and 15, may be terminated at any time prior to the First Closing Date, and the Over-Allotment Option, if exercised, may be canceled at any time prior to the Option Closing Date, by you if in your sole judgment it is impracticable to offer for sale or to enforce contracts made by you for the resale of the shares of Common Stock and Warrants agreed to be purchased hereunder, by reason of: (A) the Company having sustained a material loss, whether or not insured, by reason of fire, earthquake, flood, accident or other calamity, or from any labor dispute or court or government action, order or decree; (B) trading in securities on the New York Stock Exchange or the American Stock Exchange having been suspended or limited; (C) material governmental

restrictions having been imposed on trading in securities generally which are not in force and effect on the date hereof; (D) a banking moratorium having been declared by federal or New York State authorities; (E) an outbreak or significant escalation of major international hostilities or other national or international calamity having occurred; (F) the passage by the Congress of the United States or by any state legislative body of similar impact, of any act or measure, or the adoption of any orders, rules or regulations by any governmental body or any authoritative accounting institute or board, or any governmental executive, which is reasonably believed likely by you to have a material adverse impact on the business, financial condition or financial statements of the Company; (G) any material adverse change in the financial or securities markets beyond normal fluctuations in the United States having occurred since the date of this Agreement; or (H) any material adverse change having occurred, since the respective dates for which information is given in the Registration Statement and Prospectus, in the earnings, business, prospects or condition (financial or otherwise) of the Company, whether or not arising in the ordinary course of business.

(ii) Mason Hill shall have the right, in its sole discretion, to terminate this Agreement, including without limitation, the obligation to purchase the Firm Securities and the obligation to purchase the Option Securities after the exercise of the Over- Allotment Option, by notice given to the Company prior to delivery and payment for all the Firm Securities or the Option Securities, as the case may be, if any of the conditions enumerated in Section 4 are not either fulfilled or waived by the Underwriter on or before any Closing Date.

(iii) Anything herein to the contrary notwithstanding, if this Agreement shall not be carried out within the time specified herein, or any extensions thereof granted by the Underwriter, by reason of any failure on the part of the Company to perform any undertaking or satisfy any condition of this Agreement by it to be performed or satisfied then, in addition to the obligations assumed by the Company pursuant to Section 8(a) hereof, the Underwriter shall provide the Company with, and the Company shall pay, a statement of the Underwriter's accountable expenses.

(b) NOTIFICATION. If you elect to prevent this Agreement from becoming effective or to terminate this Agreement as provided by this Section 10 or by Section 9, the Company shall be promptly notified by you, by telephone or telegram, confirmed by letter.

11. UNDERWRITER'S WARRANT. On the First Closing Date, the Company shall issue and sell to you, for \$10.00, and upon the terms and conditions set forth in the form of Underwriter's Warrants filed as an exhibit to the Registration Statement, an option entitling you to purchase 180,000 shares of Common Stock and 270,000 Warrants at an exercise price equal to 165% of the initial public offering price per unit exercisable for a period of four years commencing one year from the Effective Date (the "Underwriter's Warrant"). The Underwriter's Warrant grant to the holders thereof certain "piggyback" registration rights for a period of seven years, and demand registration rights for a period of four years, commencing one year from the Effective Date with respect to the registration under the Securities Act of the Securities issuable

upon exercise thereof. In the event of conflict in the terms of this Agreement and the Underwriter's Warrant, the terms and conditions of the Underwriter's Warrant shall control.

12. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. The respective indemnities, agreements, representations, warranties, covenants and other statements of the Company and the Underwriter set forth in Sections 3, 6, 7 and 8 of this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any other party, and shall survive delivery of and payment for the shares of Common Stock and Warrants and the termination of this Agreement. The Company hereby indemnifies and holds harmless the Underwriter from and against all Liabilities, joint or several, to which the Underwriter may become subject insofar as such Liabilities arise out of or are based upon the breach or failure of any of the provisions of Sections 3, 6, 7 and 8.

13. NOTICES. All communications hereunder shall be in writing and, except as otherwise expressly provided herein, if sent to you, shall be mailed, delivered or telegraphed and confirmed to you at Mason Hill & Co., Inc., 110 Wall Street, New York, New York 10005, with a copy sent to Jay M. Kaplowitz, Esq., Gersten, Savage, Kaplowitz, & Fredericks, LLP, 101 East 52nd Street, New York, New York 10022; or if sent to the Company, shall be mailed, delivered, or telegraphed and confirmed to it at Rockwell Medical Technologies, Inc., 28025 Oakland Oaks Drive, Wixom, Michigan 48393, with a copy sent to Patrick T. Duerr, Esq., Honigman Miller Schwartz & Cohn, 2290 First National Building, 660 Woodward Avenue, Detroit, Michigan 48226-3583.

14. PARTIES IN INTEREST. This Agreement is made solely for the benefit of the Underwriter, the Company, and, to the extent expressed, any person controlling the Company or the Underwriter, as the case may be, and the directors of the Company, nominees for directors of the Company (if any) named in the Prospectus, officers of the Company who have signed the Registration Statement, and their respective executors, administrators, successors and assigns; and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such, from the Underwriter of the shares of Common Stock and Warrants.

15. CONSTRUCTION. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws. The parties agree to submit themselves to the jurisdiction of the courts of the State of New York or of the United States of America for the Southern District of New York, which shall be the sole tribunals in which any parties may institute and maintain a legal proceeding against the other party arising from any dispute in this Agreement. In the event either party initiates a legal proceeding in a jurisdiction other than in the courts of the State of New York or of the United States of America for the Southern District of New York, the other party may assert as a complete defense and as a basis for dismissal of such legal proceeding that the legal proceeding was not initiated and maintained in the courts of the State of New York or of the United States of America for the Southern District of New York, in accordance with the provisions of this Section 15.

16. ENTIRE AGREEMENT. This Agreement, the Underwriter's Warrant and the Financial Consulting Agreement contain the entire agreement between the parties hereto in connection with the subject matter hereof and thereof.

17. COUNTERPARTS. This Agreement may be executed in two or more counterpart copies, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return this Agreement, whereupon it will become a binding agreement between the Company and the Underwriter in accordance with its terms.

Very truly yours,

ROCKWELL MEDICAL TECHNOLOGIES, INC.

By: _____

Name:
Title:

Accepted as of the date
first above written:
New York, New York

MASON HILL & CO., INC.

By: _____

Name:
Title:

ADVISORY AND INVESTMENT BANKING AGREEMENT

This Agreement is made and entered into as of the ___ day of , 1997 by and between Mason Hill & Co., Inc., a New York corporation ("Mason Hill"), and Rockwell Medical Technologies, Inc., a Michigan corporation (the "Company").

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. PURPOSE: The Company hereby engages Mason Hill for the term specified in Paragraph 2 hereof to render consulting advice to the Company as an investment banker relating to financial and similar matters upon the terms and conditions set forth herein.

2. TERM: Except as otherwise specified in paragraph 4 hereof, this Agreement shall be effective from _____, 1997 to _____, 1999.

3. DUTIES OF MASON HILL: During the term of this Agreement, Mason Hill shall seek out Transactions (as hereinafter defined) on behalf of the Company and shall furnish advice to the Company in connection with any such Transactions.

4. COMPENSATION: In consideration for the services rendered by Mason Hill to the Company pursuant to this Agreement (and in addition to the expenses provided for in Paragraph 5 hereof), the Company shall compensate Mason Hill as follows:

(a) The Company shall pay Mason Hill a fee of \$4,166 per month during the term of this Agreement. The sum of \$99,984 shall be payable in full on the date of this Agreement;

(b) In the event that any Transaction (as hereinafter defined) occurs during the term of this Agreement or one year thereafter, the Company shall pay fees to Mason Hill as follows:

CONSIDERATION	FEE
\$ - 0 - to \$ 500,000	Minimum fee of \$25,000
\$ 500,000 to \$5,000,000	5% of Consideration
\$ 5,000,000 or more	\$250,000 plus 1% of the Consideration in excess of \$5,000,000

For the purposes of this Agreement, "Consideration" shall mean the total market value on the day of the closing of stock, cash, assets and all other property (real or personal) exchanged or received, directly or indirectly by the Company or any of its security holders in connection with any Transaction. Any co-broker retained by Mason Hill shall be paid by Mason Hill.

For the purposes of the Agreement, a "Transaction" shall mean (a) any transaction originated by Mason Hill, other than in the ordinary course of trade or business of the Company, whereby, directly or indirectly, control of or a material interest in the Company or any of its businesses or any of their respective assets, is transferred for Consideration, (b) any transaction originated by Mason Hill whereby the Company acquires any other company or the assets of any other company or an interest in any other company (an "Acquisition") or (c) any sale or Acquisition in connection with which the Company engages an investment banker other than Mason Hill and pays such investment banker a fee in respect of such Transaction.

In the event Mason Hill originates a line of credit with a lender, the Company and Mason Hill will mutually agree on a satisfactory fee and the terms of payment of

such fee; provided, however, that in the event the Company is introduced to a corporate partner by Mason Hill in connection with a merger, acquisition or financing and a credit line develops directly as a result of the introduction, the appropriate fee shall be the amount set forth in the schedule above. In the event Mason Hill introduces the Company to a joint venture partner or customer and sales develop as a result of the introduction, the Company agrees to pay a fee of five percent (5%) of total sales generated directly from this introduction during the first two years following the date of the first sale. Total sales shall mean cash receipts less any applicable refunds, returns, allowances, credits and shipping charges and monies paid by the Company by way of settlement or judgment arising out of claims made by or threatened against the Company. Commission payments shall be paid on the 15th day of each month following the receipt of customers' payment. In the event any adjustments are made to the total sales after the commission has been paid, the Company shall be entitled to an appropriate refund or credit against future payments under this Agreement. All fees to be paid pursuant to this Agreement, except as otherwise specified, are due and payable to Mason Hill in cash at the closing or closings of any transaction specified in Paragraph 4 hereof. In the event that this Agreement shall not be renewed or if terminated for any reason, notwithstanding any such non-renewal or termination, Mason Hill shall be entitled to a full fee as provided under Paragraphs 4 and 5 hereof, for any transaction for which the discussions were initiated during the term of this Agreement and which is consummated within a period of twelve months after non-renewal or termination of this Agreement.

5. EXPENSES OF MASON HILL: In addition to the fees payable hereunder, and regardless of whether any transaction set forth in Paragraph 4 hereof is proposed or consummated

the Company shall reimburse Mason Hill for all fees and disbursements of Mason Hill's counsel and Mason Hill's travel and out-of-pocket expenses incurred in connection with the services performed by Mason Hill pursuant to this Agreement, including without limitation, hotels, food and associated expenses and long-distance telephone calls.

6. LIABILITY OF MASON HILL:

(1) The Company acknowledges that all opinions and advice (written or oral) given by Mason Hill to the Company in connection with Mason Hill's engagement are intended solely for the benefit and use of the Company in considering the transaction to which they relate, and the Company agrees that no person or entity other than the Company shall be entitled to make use of or rely upon the advice of Mason Hill to be given hereunder, and no such opinion or advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, nor may the Company make any public references to Mason Hill, or use Mason Hill's name in any annual reports or any other reports or releases of the Company without Mason Hill's prior written consent.

(2) The Company acknowledges that Mason Hill makes no commitment whatsoever as to making a market in the Company's securities or to recommending or advising its clients to purchase the Company's securities. Research reports or corporate finance reports that may be prepared by Mason Hill will, when and if prepared, be done solely on the merits or judgment of analysis of Mason Hill or any senior corporate finance personnel of Mason Hill.

7. MASON HILL'S SERVICES TO OTHERS: The Company acknowledges that Mason Hill's or its affiliates are in the business of providing financial services and consulting advice to others. Nothing herein contained shall be construed to limit or restrict Mason Hill in conducting

such business with respect to others, or in rendering such advice to others.

8. COMPANY INFORMATION:

(a) The Company recognizes and confirms that, in advising the Company and in fulfilling its engagement hereunder, Mason Hill will use and rely on data, material and other information furnished to Mason Hill by the Company. The Company acknowledges and agrees that in performing its services under this engagement, Mason Hill may rely upon the data, material and other information supplied by the Company without independently verifying the accuracy, completeness or veracity of same.

(b) Except as contemplated by the terms hereof or as required by applicable law, Mason Hill shall keep confidential all material non-public information provided to it by the Company, and shall not disclose such information to any third party, other than such of its employees and advisors as Mason Hill determines to have a need to know.

9. INDEMNIFICATION:

a. The Company shall indemnify and hold Mason Hill harmless against any and all liabilities, claims, lawsuits, including any and all awards and/or judgments to which it may become subject under the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "Act") or any other federal or state statute, at common law or otherwise, insofar as said liabilities, claims and lawsuits (including awards and/or judgments) arise out of or are in connection with the services rendered by Mason Hill or any transactions in connection with this Agreement, except for any liabilities, claims and lawsuits (including awards and/or judgments), arising out of acts or omissions of Mason Hill. In addition, the Company shall also indemnify and hold Mason Hill harmless against any and all costs and

expenses, including reasonable counsel fees, incurred or relating to the foregoing.

Mason Hill shall give the Company prompt notice of any such liability, claim or lawsuit which Mason Hill contends is the subject matter of the Company's indemnification and the Company thereupon shall be granted the right to take any and all necessary and proper action, at its sole cost and expense, with respect to such liability, claim and lawsuit, including the right to settle, compromise and dispose of such liability, claim or lawsuit, excepting therefrom any and all proceedings or hearings before any regulatory bodies and/or authorities.

Mason Hill shall indemnify and hold the Company harmless against any and all liabilities, claims and lawsuits, including any and all awards and/or judgments to which it may become subject under the 1933 Act, the Act or any other federal or state statute, at common law or otherwise, insofar as said liabilities, claims and lawsuits (including awards and/or judgments) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact required to be stated or necessary to make the statement therein, not misleading, which statement or omission was made in reliance upon information furnished in writing to the Company by or on behalf of Mason Hill for inclusion in any registration statement or prospectus or any amendment or supplement thereto in connection with any transaction to which this Agreement applies. In addition, Mason Hill shall also indemnify and hold the Company harmless against any and all costs and expenses, including reasonable counsel fees, incurred or relating to the foregoing.

The Company shall give to Mason Hill prompt notice of any such liability, claim or lawsuit which the Company contends is the subject matter of Mason Hill's indemnifica-

tion and Mason Hill thereupon shall be granted the right to take any and all necessary and proper action, at its sole cost and expense, with respect to such liability, claim and lawsuit, including the right to settle, compromise or dispose of such liability, claim or lawsuit, excepting therefrom any and all proceedings or hearings before any regulatory bodies and/or authorities.

b. In order to provide for just and equitable contribution under the Act in any case in which (I) any person entitled to indemnification under this Section 9 makes claim for indemnification pursuant hereto 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 10 provides for indemnification in such case, or (ii) contribution under the Act may be required on the part of any such person in circumstances for which indemnification is provided under this Section 10, then, and in each such case, the Company and Mason Hill shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after any contribution from others) in such proportion taking into consideration the relative benefits received by each party from the offering covered by the prospectus with respect to any transactions in connection with this Agreement (taking into account the portion of the proceeds of the offering realized by each), the parties' relative knowledge and access to information concerning the matter with respect to which the claim was assessed, the opportunity to correct and prevent any statement or omission and other equitable considerations appropriate under the circumstances; provided, however, that notwithstanding the above in no event shall Mason Hill be required to contribute any amount in excess of 10% of the public offering price of any securities to which such Prospectus applies; and provided, that, in any such

case, no person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party (the "Contributing Party"), notify the Contributing Party of the commencement thereof, but the omission so to notify the Contributing Party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a Contributing Party or his or its representative of the commencement thereof within the aforesaid fifteen (15) days, the Contributing Party will be entitled to participate therein with the notifying party and any other Contributing Party similarly notified. Any such Contributing Party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding effected by such party seeking contribution without the written consent of the Contributing Party. The indemnification provisions contained in this Section 10 are in addition to any other rights or remedies which either party hereto may have with respect to the other or hereunder.

10. MASON HILL AN INDEPENDENT CONTRACTOR : Mason Hill shall perform its services hereunder as an independent contractor and not as an employee of the Company or an affiliate thereof. It is expressly understood and agreed to by the parties hereto that Mason Hill shall have no authority to act for, represent or bind the Company or any affiliate thereof in any manner, except as may be agreed to expressly by the Company in writing from time to time.

(5) No provision of this Agreement may be amended, modified or waived, except in a writing signed by all of the parties hereto.

(6) This Agreement shall be construed in accordance with and governed by the laws of the State of New York, without giving effect to conflict of law principles. The parties hereby agree that any dispute which may arise between them arising out of or in connection with this Agreement shall be adjudicated before a court located in New York City, and they hereby submit to the exclusive jurisdiction of the courts of the State of New York located in New York, New York and of the federal courts in the Southern District of New York with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth in Paragraph 11(b) hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

MASON HILL & CO., INC.

By: _____

ROCKWELL MEDICAL TECHNOLOGIES, INC.

By: _____

ROCKWELL MEDICAL TECHNOLOGIES, INC.

AND

MASON HILL & CO., INC.

UNDERWRITERS'
WARRANT AGREEMENT

UNDERWRITERS' WARRANT AGREEMENT dated as of _____, 1997 by and between ROCKWELL MEDICAL TECHNOLOGIES, INC. (the "Company") and MASON HILL & CO., INC. ("Mason Hill" or the "Representative"), as the Representative of the underwriting group. The underwriting group is referred to collectively herein as the "Underwriters".

WITNESSETH:

WHEREAS, the Company proposes to issue to the Underwriters warrants (the "Underwriters' Warrants") to purchase up to 180,000 shares of the Company's common stock, no par value per share (the "Common Stock") and/or up to 270,000 Redeemable Common Stock Purchase Warrants (the "Redeemable Warrants") each exercisable to purchase one share of Common Stock.

WHEREAS, the Underwriters have agreed, pursuant to the underwriting agreement (the "Underwriting Agreement") dated _____, 1997, by and between the Underwriters and the Company, to act as the underwriters in connection with the Company's proposed initial public offering (the "Initial Public Offering") of 1,800,000 shares of Common Stock and 2,700,000 Redeemable Warrants (the "Offering Securities"), such Offering Securities being; identical to the securities issuable upon exercise of the Underwriters' Warrants (the "Securities"); and

WHEREAS, the Underwriters' Warrants to be issued pursuant to this Agreement will be issued on the First Closing Date (as such term is defined in the Underwriting Agreement) by the Company to the Underwriters in consideration for, and as part of, the Underwriters'

compensation in connection with the Underwriters acting as the underwriters pursuant to the Underwriting Agreement;

NOW, THEREFORE, in consideration of the promises, the payment by the Underwriters to the Company of Ten Dollars (\$10.00), the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. The Holder (as defined in Section 3 below) is hereby granted the right to purchase, at any time from _____, 1998 until 5:00 p.m., New York time, on _____, 2002, an aggregate of up to 180,000 shares of Common Stock and/or 270,000 Redeemable Warrants, at an initial purchase price (subject to adjustment as provided in Section 8 hereof) of \$6.60 per share of Common Stock and \$.165 per Redeemable Warrant (165% of the Initial Public Offering price per Offering Security), subject to the terms and conditions of this Agreement. The Securities issuable upon exercise of the Underwriters' Warrants are sometimes referred to herein as the "Underwriters' Securities."

2. Warrant Certificates. The warrant certificate (the "Underwriters' Warrant Certificate") to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Exercise of Underwriters' Warrants. The Underwriters' Warrants are exercisable during the term set forth in Section 1 hereof payable by certified or cashier's check or money order in lawful money of the United States. Upon surrender of an Underwriter's Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with

payment of the Purchase Price (as defined in Section 6 hereof) for the Underwriter's Securities (and such other amounts, if any, arising pursuant to Section 4 hereof) at the Company's principal office in Michigan located at 28025 Oakland Oaks Drive, Wixom, Michigan 48393, the registered holder of an Underwriters' Warrant Certificate ("Holder" or "Holders") shall be entitled to receive a certificate or certificates for the Underwriters' Securities so purchased. The purchase rights represented by each Underwriters' Warrant Certificate are exercisable at the option of the Holder or Holders thereof, in whole or in part as to Underwriters' Securities. The Underwriters' Warrants may be exercised to purchase all or any part of the Underwriters' Securities represented thereby. In the case of the purchase of less than all the Underwriters' Securities purchasable on the exercise of the Underwriters' Warrants represented by an Underwriters' Warrant Certificate, the Company shall cancel the Underwriters' Warrant Certificate represented thereby upon the surrender thereof and shall execute and deliver a new Underwriters' Warrant Certificate of like tenor for the balance of the Underwriters' Securities purchasable thereunder.

4. Issuance of Certificates. Upon the exercise of the Underwriters' Warrants and payment of the Purchase Price therefor, the issuance of certificates representing the Underwriters Securities or other securities, properties or rights underlying such Underwriters' Warrants, shall be made forthwith (and in any event within five (5) business days thereafter) without further charge to the Holder thereof, and such certificates shall (subject to the provisions of Sections 5 and 7 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof, provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder, and the Company shall not be required to

issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Underwriters' Warrant Certificates and the certificates representing the Underwriters Securities or other securities, property or rights (if such property or rights are represented by certificates) shall be executed on behalf of the Company by the manual or facsimile signature of the then present Chairman or Vice Chairman of the Board of Directors or President or Vice President of the Company, attested to by the manual or facsimile signature of the then present Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the Company. Underwriters' Warrant Certificates shall be dated the date of issuance thereof by the Company upon initial issuance, transfer or exchange.

5. Restriction On Transfer of Underwriters' Warrants. The Holder of an Underwriters' Warrant Certificate (and its Permitted Transferee, as defined below), by its acceptance thereof, covenants and agrees that the Underwriters' Warrants are being acquired as an investment and not with a view to the distribution thereof; that the Underwriters' Warrants may be sold, transferred, assigned, hypothecated or otherwise disposed of, in whole or in part, to any person (a "Permitted Transferee"), provided such transfer, assignment, hypothecation or other disposition is made in accordance with the provisions of the Securities Act of 1933, as amended (the "Act"); and provided, further, that until _____, 1998 (one year following the effective date of the Initial Public Offering), only officers and partners of the Underwriters, or any Initial Public Offering selling group member and their respective officers and partners, shall be Permitted Transferees.

6. Purchase Price.

(a) Initial and Adjusted Purchase Price. Except as otherwise provided in Section 8 hereof, the initial purchase price of the Underwriters' Securities shall be \$6.60 per share of Common Stock and \$.165 per Redeemable Warrant. The adjusted purchase price shall be the price which shall result from time to time from any and all adjustments of the initial purchase price in accordance with the provisions of Section 8 hereof.

(b) Purchase Price. The term "Purchase Price" herein shall mean the initial purchase price or the adjusted purchase price, depending upon the context.

7. Registration Rights.

(a) Registration Under the Securities Act of 1933. The Underwriters' Warrants have not been registered under the Act. The Underwriters' Warrant Certificates shall bear the following legend:

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), and may not be offered for sale or sold except pursuant to (i) an effective registration statement under the Act, or (ii) an opinion of counsel, if such opinion and counsel shall be reasonably satisfactory to counsel to the issuer, that an exemption from registration under the Act is available.

(b) Demand Registration. (1) At any time commencing on the first anniversary of and expiring on the fifth anniversary of the effective date of the Company's Registration Statement relating to the Initial Public Offering (the "Effective Date"), the Holders of a Majority (as hereinafter defined) in interest of the Underwriters' Warrants, or the Majority in interest of the Underwriters' Securities (assuming the exercise of all of the Underwriters'

Warrants) shall have the right, exercisable by written notice to the Company, to have the Company prepare and file with the U.S. Securities and Exchange Commission (the "Commission"), solely on one (1) occasion, a registration statement on Form SB-2 (or other appropriate form), and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Holders, in order to comply with the provisions of the Act, so as to permit a public offering and sale, for a period of nine (9) months, of the Underwriters' Securities by such Holders and any other Holders of the Underwriters' Warrants and/or the Underwriters' Securities who notify the Company within fifteen (15) business days after receipt of the notice described in Section 7(b)(2). The Holders of the Underwriters' Warrants may demand registration without exercising the Underwriters' Warrants, and are never required to exercise same.

(2) The Company covenants and agrees to give written notice of any registration request under this Section 7(b) by any Holders to all other registered Holders of the Underwriters' Warrants and the Underwriters' Securities within ten (10) business days from the date of the receipt of any such registration request.

(3) For purposes of this Agreement, the term "Majority" in reference to the Holders of the Underwriters' Warrants or Underwriters' Securities, shall mean in excess of fifty percent (50%) of the then outstanding Underwriters' Warrants or Underwriters' Securities that (i) are not held by the Company, an affiliate, officer, employee or agent thereof or any of their respective affiliates, members of their family, persons acting as nominees or in conjunction therewith, or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act.

(c) Piggyback Registration. (1) If, at any time within the period commencing on the first anniversary and expiring on the fifth anniversary of the Effective Date, the Company should file a registration statement with the Commission under the Act (other than in connection with a merger or other business combination transaction or pursuant to Form S-8) it will give written notice at least thirty (30) calendar days prior to the filing of each such registration statement to the Underwriters and to all other Holders of the Underwriters' Warrants and/or the Underwriters' Securities of its intention to do so. If either of the Underwriters or other Holders of the Underwriters' Warrants and/or the Underwriters' Securities notify the Company within twenty (20) calendar days after receipt of any such notice of its or their desire to include any Underwriters' Securities in such proposed registration statement, the Company shall afford the Underwriters and such Holders of the Underwriters' Warrants and/or Underwriters' Securities the opportunity to have any such Underwriters' Securities registered under such registration statement. Notwithstanding the provisions of this Section 7(c)(1) and the provisions of Section 7(d), the Company shall have the right at any time after it shall have given written notice pursuant to this Section 7(c)(1) (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement, or to withdraw the same after the filing but prior to the effective date thereof.

(2) If the underwriter of an offering to which the above piggyback rights apply objects to such rights, such objection shall preclude such inclusion. However, in such event, the Company will, within nine (9) months of completion of such subsequent underwriting, file at the expense of the Company, a registration statement so as to permit a public offering and sale, for a period of nine (9) months, of such excluded Underwriters'

Securities, which shall be in addition to any registration statement required to be filed pursuant to Section 7(b).

(d) Covenants of the Company With Respect to Registration. In connection with any registrations under Sections 7(b) and 7(c) hereof, the Company covenants and agrees as follows:

(1) The Company shall use its best efforts to file a registration statement within forty-five (45) calendar days of receipt of any demand therefor pursuant to Section 7(b); provided, however, that the Company shall not be required to produce audited or unaudited financial statements for any period prior to the date such financial statements are required to be filed in a report on Form 10-KSB or Form 10-QSB, as the case may be. The Company shall use its best efforts to have any registration statement declared effective at the earliest possible time, and shall furnish each Holder desiring to sell Underwriters' Securities such number of prospectuses as shall reasonably be requested.

(2) The Company shall pay all costs (excluding fees and expenses of Holders' counsel and any underwriting discounts or selling fees, expenses or commissions), fees and expenses in connection with the first registration statement filed pursuant to Sections 7(b) and 7(c) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses.

(3) The Company will use its best efforts to qualify or register the Underwriters' Securities included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holders, provided that the Company shall not be obligated to execute or file any general consent to service of

process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(4) The Company shall indemnify the Holders of the Underwriters' Securities to be sold pursuant to any registration statement and each person, if any, who controls such Holders within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement, but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Underwriters contained in Section 8 of the Underwriting Agreement.

(5) The Holders of the Underwriters' Securities to be sold pursuant to a registration statement, and their successors and assigns, shall indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against all loss, claim, damage or expense or liability to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in Section 8 of the Underwriting Agreement pursuant to which the Underwriters have agreed to indemnify the Company.

(6) Nothing contained in this Agreement shall be construed as requiring the Holders to exercise their Underwriters' Warrants prior to the initial filing of any

registration statement or the effectiveness thereof.

(7) The Company shall not be entitled to include any securities other than the Underwriters' Securities in any registration statement filed pursuant to Section 7(b) hereof without the prior written consent, which consent shall not be unreasonably withheld, of the Holders of the Underwriters' Warrants and Underwriters' Securities representing a Majority of such securities (assuming exercise of all of the Underwriters' Warrants).

(8) The Company shall furnish to a designated representative of the Holders participating in the offering and to each underwriter, if any, a signed counterpart, addressed to the Company or the underwriter of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) if such registration includes an underwritten public offering a copy of the "cold comfort" letter dated the effective date of such registration statement signed by each independent public accountant who has issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letters, with respect to events subsequent to the date of such financial statements, as are duly covered in opinions of issuer's counsel and in accountants' letters, with respect to customary events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(9) The Company shall as soon as practicable after the effective

date of the registration statement, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 1 (a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(10) The Company shall deliver promptly to each Holder participating in the offering requesting the correspondence described below and any managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the National Association of Securities Dealers, Inc. ("NASD"). Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request.

(11) The Company shall enter into an underwriting agreement with the managing underwriter selected for such underwriting by Holders holding a Majority of the Underwriters' Securities requested to be included in such underwriting, provided, however that (i) such managing underwriter shall be reasonably acceptable to the Company, except that in connection with an offering for which the Holders have piggyback rights, the Company shall have the sole right to select the managing underwriter or underwriters, and (ii) the Holders shall

be responsible for any selling fees or commissions in connection with such underwriting. Such underwriting agreement shall be satisfactory in form and substance to the Company, a Majority of such Holders (in respect of a registration under Section 7(b) only) and such managing underwriter, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Underwriters' Securities and may, at their option, require that any or all the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holders. Such Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holders and their intended methods of distribution.

e. Further Registrations. The Company will cooperate with the Holders of the Underwriters' Warrants and Underwriters' Securities in preparing and signing any registration statement, in addition to the registration statements discussed above, required in order to sell or transfer the Underwriters' Securities and will supply all information required therefor, but all of such additional registration statement expenses including legal and accounting fees will be prorated between the Company and the Holders of the Underwriters' Warrants and Underwriters' Securities according to the aggregate sales price of the securities being issued, and if the Company is not issuing any securities pursuant to such registration statement, such expenses will be borne entirely by the Holders of the Underwriters' Warrants and the Underwriters' Securities. The provisions of Section 7(d) other than subsection (2) shall apply to any such registration statement.

8. Adjustments to Purchase Price and Number of Securities.

(a) Price Computation of Adjusted Purchase. Except as hereinafter provided, in case the Company shall at any time after the date hereof issue or sell any shares of Common Stock (other than the issuances referred to in Section 8(g) hereof), including shares held in the Company's treasury, for a consideration per share less than the lesser of the Purchase Price in effect immediately prior to the issuance or sale of such shares or the "Market Price" (as defined in Section 8(a)(6) hereof) per share of Common Stock on the date immediately prior to the issuance or sale of such shares, or without consideration, then forthwith upon any such issuance or sale, the Purchase Price shall (until another such issuance or sale) be reduced to the price (calculated to the nearest full cent) determined by dividing (1) the product of (a) the Purchase Price in effect immediately before such issuance or sale and (b) the sum of (i) the total number of shares of Common Stock outstanding immediately prior to such issuance or sale, and (ii) the number of shares determined by dividing (A) the aggregate consideration, if any, received by the Company upon such sale or issuance, by (B) the lesser of (x) the Market Price, and (y) the Purchase Price, in effect immediately prior to such issuance or sale; by (2) the total number of shares of Common Stock outstanding immediately after such issuance or sale provided, however, that in no event shall the Purchase Price be adjusted pursuant to this computation to an amount in excess of the Purchase Price in effect immediately prior to such computation, except in the case of a combination of outstanding shares of Common Stock, as provided by Section 8(c) hereof.

For the purposes of this Section 8, the term "Purchase Price" shall mean the Purchase Price of the Underwriters' Securities set forth in Section 6 hereof, as adjusted from time

to time pursuant to the provisions of this Section 8.

For the purposes of any computation to be made in accordance with this Section 8(a), the following provisions shall be applicable:

(1) In case of the issuance or sale of shares of Common Stock for a consideration part or all of which shall be cash, the amount of the cash consideration therefor shall be deemed to be the amount of cash received by the Company for such shares (or, if shares of Common Stock are offered by the Company for subscription, the subscription price), before deducting therefrom any compensation paid or discount allowed in the sale or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

(2) In case of the issuance or sale (otherwise than as a dividend or other distribution on any stock of the Company) of shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

(3) Shares of Common Stock issuable by way of dividend or other distribution on any stock of the Company shall be deemed to have been issued immediately after the opening of business on the day following the record date for the determination of stockholders entitled to receive such dividend or other distribution and shall be deemed to have been issued without consideration.

(4) The reclassification of securities of the Company other than shares of Common Stock into securities including shares of Common Stock shall be deemed to

involve the issuance of such shares of Common Stock for a consideration other than cash immediately prior to the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such shares of Common Stock shall be determined as provided in Section 8(a)(2).

(5) The number of shares of Common Stock at any one time deemed to be issued and outstanding, as determined for the purposes of Sections 8(b)(1) and 8(b)(2) hereof, shall include the aggregate number of shares of Common Stock issued or issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of options, rights, warrants and upon the conversion or exchange of convertible or exchangeable securities.

(6) As used herein, the phrase "Market Price" at any date shall be deemed to be the last reported sale price, or, in the case no such reported sale takes place on such day, the average of the last reported sales prices for the last three (3) trading days, in either case as officially reported by the principal securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the average closing bid price as furnished by the NASD through the NASD Automated Quotation System ("NASDAQ") or similar organization if NASDAQ is no longer reporting such information, or if the Common Stock is not quoted on NASDAQ, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it.

(b) Options, Rights, Warrants and Convertible and Exchangeable Securities. Except in the case of the Company issuing rights to subscribe for shares of Common Stock distributed to all the stockholders of the Company and Holders of Underwriters' Warrants, if the Company shall at any time after the date hereof issue options, rights or warrants to purchase shares of Common Stock, or issue any securities convertible into or exchangeable for shares of Common Stock (other than the issuances referred to in Section 8(g) hereof), (i) for a consideration per share less than the lesser of (a) the Purchase Price in effect immediately prior to the issuance of such options, rights or warrants, or such convertible or exchangeable securities or (b) the Market Price, or (ii) without consideration, the Purchase Price in effect immediately prior to the issuance of such options, rights or warrants, or such convertible or exchangeable securities, as the case may be, shall be reduced to a price determined by making a computation in accordance with the provisions of Section 8(a) hereof, provided that:

(1) The aggregate maximum number of shares of Common Stock issuable under such options, rights or warrants shall be deemed to be issued and outstanding at the time such options, rights or warrants were issued, and for a consideration equal to the minimum purchase price per share provided for in such options, rights or warrants at the time of issuance, plus the consideration (determined in the same manner as consideration received on the issue or sale of shares in accordance with the terms of the Underwriters' Warrants), if any, received by the Company for such options, rights or warrants; provided, however, that upon the expiration or other termination of such options, rights or warrants, if any thereof shall not have been exercised, the number of shares of Common Stock deemed to be issued and outstanding pursuant to this Section 8(b)(1) (and for the purposes of Section 8(a)(5) hereof) shall be reduced

by such number of shares as to which options, warrants and/or rights shall have expired or terminated unexercised, and such number of shares shall no longer be deemed to be issued and outstanding, and the Purchase Price then in effect shall forthwith be readjusted and thereafter be the price which it would have been had adjustment been made on the basis of the issuance only of shares actually issued or issuable upon the exercise of those options, rights or warrants as to which the exercise rights shall not be expired or terminated unexercised.

(2) The aggregate maximum number of shares of Common Stock issuable upon conversion or exchange of any convertible or exchangeable securities shall be deemed to be issued and outstanding at the time of issuance of such securities, and for a consideration equal to the consideration (determined in the same manner as consideration received on the issue or sale of shares of Common Stock in accordance with the terms of the Underwriters' Warrants) received by the Company for such securities, plus the minimum consideration, if any, receivable by the Company upon the conversion or exchange thereof; provided, however, that upon the termination of the right to convert or exchange such convertible or exchangeable securities (whether by reason of redemption or otherwise), the number of shares deemed to be issued and outstanding pursuant to this Section 8(b)(2) (and for the purpose of Section 8(a)(5) hereof) shall be reduced by such number of shares as to which the conversion or exchange rights shall have expired or terminated unexercised, and such number of shares shall no longer be deemed to be issued and outstanding and the Purchase Price then in effect shall forthwith be readjusted and thereafter be the price which it would have been had adjustment been made on the basis of the issuance only of the shares actually issued or issuable upon the conversion or exchange of those convertible or exchangeable securities as to which the conversion

or exchange rights shall not have expired or terminated unexercised.

(3) If any change shall occur in the price per share provided for in any of the options, rights or warrants referred to in Section 8(b)(1), or in the price per share at which the securities referred to in Section 8(b)(2) are convertible or exchangeable, such options, rights or warrants or conversion or exchange rights, as the case may be, shall be deemed to have expired or terminated on the date when such price change became effective in respect of shares not theretofore issued pursuant to the exercise or conversion or exchange thereof, and the Company shall be deemed to have issued upon such date new options, rights or warrants or convertible or exchangeable securities at the new price in respect of the number of shares issuable upon the exercise of such options, rights or warrants or the conversion or exchange of such convertible or exchangeable securities.

(c) Subdivision and Combination. In case the Company shall at any time issue any shares of Common Stock in connection with a stock dividend in shares of Common Stock or subdivide or combine the outstanding shares of Common Stock, the Purchase Price shall forthwith be proportionately decreased in the case of a stock dividend or a subdivision or increased in the case of a combination.

(d) Adjustment in Number of Securities. Upon each adjustment of the Purchase Price pursuant to the provisions of this Section 8, the number of Underwriters' Securities issuable upon the exercise of the Underwriters' Warrant shall be adjusted to the nearest whole share by multiplying a number equal to the Purchase Price in effect immediately prior to such adjustment by the number of Underwriters' Securities issuable upon exercise of the Underwriters' Warrants immediately prior to such adjustment and dividing the product so

obtained by the adjusted Purchase Price.

(e) Definition of Common Stock. For the purpose of this Agreement, the term "Common Stock" shall mean the class of stock designated as Common Stock in the Articles of Incorporation, of the Company as it may be amended as of the date hereof.

(f) Reclassification, Merger or Consolidation. The Company will not merge, reorganize or take any other action which would terminate the Underwriters' Warrants without first making adequate provision for the Underwriters' Warrants. In case of any reclassification or change of the outstanding shares of Common Stock (other than a change in par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any consolidation of the Company with, or merger of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or change of the outstanding Common Stock except a change as a result of a subdivision or combination of such shares or a change in par value, as aforesaid), or in the case of a sale or conveyance to another corporation or other entity of the property of the Company as an entirety, the Holders of each Underwriters' Warrant then outstanding or to be outstanding shall have the right thereafter (until the expiration of such Underwriters' Warrant) to purchase, upon exercise of such Underwriters' Warrant, the kind and number of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance as if the Holders were the owner of the shares of Common Stock underlying the Underwriters' Warrants immediately prior to any such events at a price equal to the product of (x) the number of shares issuable upon exercise of the Underwriters' Warrants and (y) the

Purchase Price in effect immediately prior to the record date for such reclassification, change, consolidation, merger, sale or conveyance, as if such Holders had exercised the Underwriters' Warrants. In the event of a consolidation, merger, sale or conveyance of property, the corporation formed by such consolidation or merger, or acquiring such property, shall execute and deliver to the Holders a supplemental underwriter's warrant agreement to such effect. Such supplemental underwriter's warrant agreement shall provide for adjustments which shall be identical to the adjustments provided for in this Section 8. The provisions of this Section 8(f) shall similarly apply to successive consolidations or mergers.

(g) No Adjustment of Purchase Price in Certain Cases. Notwithstanding any provision to the contrary contained herein, no adjustment of the Purchase Price shall be made:

(1) Upon the issuance or sale of (i) the Underwriters' Warrants or the securities underlying the Underwriters' Warrants, (ii) the securities sold pursuant to the Initial Public Offering or securities underlying securities sold in the Initial Public Offering or securities to be sold in a bona fide public offering pursuant to a firm commitment underwriting or securities underlying securities sold in such firm commitment underwriting and (iii) the shares issuable pursuant to the options, warrants, rights, stock purchase agreements or convertible or exchangeable securities outstanding or in effect on the date hereof as described in the prospectus relating to the Initial Public Offering.

(2) If the amount of said adjustments shall aggregate less than five (\$.05) cents for one (1) share of Common Stock; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall

be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall aggregate at least five (\$.05) cents for one (1) share of Common Stock.

9. Exchange and Replacement of Warrant Certificates. Each Underwriters' Warrant Certificate is exchangeable without expense, upon the surrender thereof by the registered Holders at the principal executive office of the Company, for a new Underwriters' Warrant Certificate of like tenor and date representing in the aggregate the right to purchase the same number of Underwriters' Securities in such denominations as shall be designated by the Holders thereof at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Underwriters' Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Underwriters' Warrant Certificates, if mutilated, the Company will make and deliver a new Underwriters' Warrant Certificate of like tenor, in lieu thereof.

10. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock and/or Redeemable Warrants upon the exercise of the Underwriters' Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests; provided, however, that if a Holder exercises all Underwriters' Warrants held of record by such Holder the fractional interests shall be eliminated by rounding any fraction to the nearest whole number of shares of Common Stock or other securities, properties or rights.

11. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Underwriters' Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof and the exercise of the Redeemable Warrants. The Company covenants and agrees that, upon exercise of the Underwriters' Warrants and payment of the Purchase Price therefor, all the shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Underwriters' Warrants shall be outstanding, the Company shall use its best efforts to cause the Common Stock to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock issued in the Initial Public Offering may then be listed or quoted.

12. Notices to Underwriters' Warrant Holders. Nothing contained in this Agreement shall be construed as conferring upon the Holders the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Underwriters' Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on

the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed; then, in any one or more of said events, the Company shall give written notice of such event at least fifteen (15) calendar days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

13. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holders of the Underwriters' Warrants, to the address of such Holders as shown on the books of the Company; or

(b) If to the Company to the address set forth in Section 3 hereof or to such other address as the Company may designate by notice to the Holders.

14. Supplements and Amendments. The Company and the Underwriters may from time to time supplement or amend this Agreement without the approval of any Holders of Underwriters' Warrant Certificates (other than the Underwriters) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Underwriters may deem necessary or desirable and which the Company and the Underwriters deem shall not adversely affect the interests of the Holders of Underwriters' Warrant Certificates.

15. Binding Effect; Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Underwriters, the Holders and their respective successors and assigns hereunder.

16. Termination. This Agreement shall terminate at the close of business on _____, 2002. Notwithstanding the foregoing, the indemnification provisions of Section 7 shall survive such termination until the close of business on the expiration of any applicable statute of limitations.

17. Governing Law; Submission to Jurisdiction. This Agreement and each Underwriters' Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the

laws of said state without giving effect to the rules of said state governing the conflicts of laws. The Company, the Underwriters and the Holders hereby each agree that any action, proceeding or claim against it arising out of, or relating in any way to, this Agreement shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company, the Underwriters and the Holders hereby irrevocably waive any objection to such exclusive Jurisdiction or inconvenient forum. Any such process or summons to be served upon any of the Company, the Underwriters and the Holders (at the option of the party bringing such action, proceeding or claim) may be served by transmitting a copy thereof, by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 13 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the party so served in any action, proceeding or claim.

18. Entire Agreement, Modification. This Agreement (including the Underwriting Agreement, to the extent portions thereof are referred to herein) contains the entire understanding between the parties hereto with respect to the subject matter hereof and thereof. Subject to Section 14, this Agreement may not be modified or amended except by a writing duly signed by the Company and the Holders of a Majority in Interest of the Underwriters' Securities (for this purpose, treating all then outstanding Underwriters' Warrants as if they had been exercised).

19. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

20. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

21. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the Underwriters and any other registered Holders of the Underwriters' Warrant Certificates or Underwriters' Securities any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Underwriters and any other Holders of the Underwriter's Warrant Certificates or Underwriters' Securities.

22. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

ROCKWELL MEDICAL TECHNOLOGIES,
INC.

By: _____
Rob Chioni
President

MASON HILL & CO., INC.

By: _____
Name:
Title:

EXHIBIT A

ROCKWELL MEDICAL TECHNOLOGIES, INC..

WARRANT CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED FOR SALE OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, OR (ii) AN OPINION OF COUNSEL, IF SUCH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO COUNSEL TO THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE WARRANTS REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE COMMENCING _____, 1998 THROUGH
5:00 P.M., NEW YORK TIME ON _____, 2002

No. UW- _____ Warrants

This Warrant Certificate certifies that registered holder of Warrants to purchase initially, at any time from , 1998, until 5:00 p.m., New York time on , 2002 (the "Expiration Date"), up to 180,000 shares of Rockwell Medical Technologies, Inc.'s (the "Company") Common Stock, no par value per share (the "Common Stock"), and/or up to 270,000 Redeemable Warrants each exercisable to purchase one share of Common Stock (the "Common Stock Warrants"), at a purchase price of \$6.60 per share of Common Stock and \$.165 per Redeemable Warrant (the "Purchase Price"), upon the surrender of this Warrant Certificate and payment of the applicable Purchase Price at an office or agency of the Company, but subject to the conditions set forth herein and in the underwriters' warrant agreement, dated as of , 1997 (the "Warrant Agreement"), by and between the Company and Mason Hill & Co., Inc. ("Mason Hill" or the "Representative"), as the Representative of the several underwriters (the "Underwriting Group") named in the Underwriting Agreement, dated , 1997 between the Company and Mason Hill. The Underwriting Group is collectively referred to herein as the "Underwriters." Payment of the Purchase Price shall be made by certified or cashier's check or money order payable to the order of the Company.

No Warrant may be exercised after 5:00 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement between the Company and the Underwriters, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the respective Purchase Prices and the type and/or number of the Company's securities issuable upon the exercise of these Warrants, may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Purchase Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at an office or agency of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange as provided herein, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such number of unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

[THE REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the undersigned has executed this certificate this day ____of_____, 1997.

ROCKWELL MEDICAL TECHNOLOGIES,
INC.

By: _____
Rob Chioni, President

ATTEST:

By: _____

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

this Warrant Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of Rockwell Medical Technologies, Inc., with full power of substitution.

Dated: _____

Signature _____

(Signature must conform in all respects to the name of the holder as specified on the face of the Warrant Certificate.)

(Insert Social Security or Other Identifying Number of Holders)

FORM OF ELECTION TO PURCHASE

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase shares of Common Stock and/or Redeemable Warrants and herewith tenders in payment of such securities a certified or cashier's check or money order payable to the order of Rockwell medical Technologies, Inc. in the amount of \$_____, all in accordance with the terms hereof. The undersigned requests that certificates for such securities be registered in the name of _____ whose address is _____ and that such certificates be delivered to _____ whose address is _____ .

Dated: _____

Signature _____

(Signature must conform in all respects to the name of the holder as specified on the face of the Warrant Certificate.)

(Insert Social Security or Other
Identifying Number of Holders)

No. W-

 Warrant to Purchase _____ shares of Common
 Stock

ROCKWELL MEDICAL TECHNOLOGIES, INC.

Common Stock Purchase Warrant

, 1997

NEITHER THIS WARRANT NOR THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("1933 Act"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNTIL A REGISTRATION STATEMENT WITH RESPECT THERETO IS DECLARED EFFECTIVE UNDER SUCH ACT OR THE COMPANY RECEIVES AN OPINION OF COUNSEL TO THE COMPANY THAT AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT IS AVAILABLE.

THIS CERTIFIES THAT _____ (hereinafter sometimes called the "Holder"), is entitled to purchase from Rockwell Medical Technologies, Inc., a Michigan corporation (the "Company"), at the price and during the period hereinafter specified, up to _____ shares of the Company's common stock, no par value (the "Common Stock").

This Warrant, which is being offered pursuant to a Confidential Private Offering Memorandum dated May 7, 1997 (the "Offering Materials"), together with warrants of like tenor, is subject to adjustment in accordance with Paragraph 7 of this Warrant.

1. a. The rights represented by this Warrant shall be exercisable for a period of three (3) years, commencing one year from the later of: (i) the closing of the Offering, and (ii) the effective date of the Company's anticipated registered initial public offering (the "Exercise Period") at a purchase price of \$4.50 per share (the "Exercise Price"), subject to adjustment in accordance with Paragraph 7. Upon the expiration of the exercise period, the Holder shall have no right to purchase any shares of Common Stock underlying this Warrant.

b. Notwithstanding anything herein contained to the contrary, the Company and the Holder agree that if public warrants are to be included in the registration statement for the Company's proposed public offering (as described in the Offering Materials) and the terms and conditions of such public warrants are not identical to the terms and conditions of this Warrant, this Warrant will be modified upon the closing of such proposed public offering to conform exactly to the terms and conditions of the public warrants offered pursuant to such Registration Statement.

2. The rights represented by this Warrant may be exercised at any time within the Exercise Period above specified, in whole or in part, by (i) the surrender of this Warrant

(with the exercise form at the end hereof properly executed) at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company); and (ii) payment to the Company of the Exercise Price then in effect for the number of shares of Common Stock specified in the above-mentioned exercise form together with applicable stock transfer taxes, if any. This Warrant shall be deemed to have been exercised, in whole or in part to the extent specified, immediately prior to the close of business on the date this Warrant is surrendered and payment is made in accordance with the foregoing provisions of this Paragraph 2, and the person or persons in whose name or names the certificates for shares of Common Stock shall be issuable upon such exercise shall become the holder or holders of record of such shares of Common Stock at that time and date. The certificate or certificates for the shares of Common Stock so purchased shall be delivered to such person or persons within a reasonable time, not exceeding ten (10) days, after this Warrant shall have been exercised.

3. Neither this Warrant nor the shares of Common Stock issuable upon exercise hereof have been registered under the 1933 Act nor under any state securities law and shall not be transferred, sold, assigned or hypothecated in violation thereof. If permitted by the foregoing, any such transfer, sale, assignment or hypothecation shall be effected by the Holder surrendering this Warrant for cancellation at the office or agency of the Company referred to in Paragraph 2 hereof, accompanied by an opinion of counsel satisfactory to the Company and its counsel, stating that such transferee is a permitted transferee under this Paragraph 3 and that such transfer does not violate the 1933 Act or such state securities laws.

4. The Company covenants and agrees that all shares of Common Stock which may be issued upon exercise of this Warrant will, upon issuance, be duly and validly issued, fully paid and nonassessable. The Company further covenants and agrees that during the Exercise Period, the Company will at all times have authorized and reserved a sufficient number of shares of its Common Stock solely for the purpose of issuance upon the exercise of this Warrant.

5. The Warrant, by itself as distinguished from the Common Stock issuable hereunder, shall not entitle the Holder to any rights, including, without limitation, voting rights, as a stockholder of the Company.

6. The Company shall be obligated to register the shares of Common Stock underlying this Warrant for resale by the Holder in accordance with the 1933 Act, as set forth in the Registration Rights Agreement annexed as Exhibit C to the Confidential Private Offering Memorandum.

7. The Exercise Price and Exercise Period in effect at any time and the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of certain events as follows:

a. If the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or

reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the effective date or record date, as the case may be, for such sale, dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action.

b. Whenever the Exercise Price payable upon exercise of each Warrant is adjusted pursuant to Paragraph 7a. above, the number of shares of Common Stock purchasable upon exercise of this Warrant shall simultaneously be adjusted by multiplying the number of shares of Common Stock initially issuable upon exercise of this Warrant by the Exercise Price in effect on the date hereof and dividing the product so obtained by the Exercise Price, as adjusted.

c. Notwithstanding any adjustment in the Exercise Price or the number or kind of shares of Common Stock purchasable upon the exercise of this Warrant, certificates for Warrants issued prior or subsequent to such adjustment may continue to express the same price and number and kind of shares of Common Stock as are initially issuable pursuant to this Warrant.

d. The Company may, but under no circumstances is obligated to, modify the terms of this Warrant to provide for an earlier commencement of the Exercise Period, or to extend the Exercise Period or to lower the Exercise Price, at any time prior to the expiration of this Warrant.

8. In case of any consolidation of the Company with, or merger of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to the Holder a supplemental warrant agreement providing that the Holder of each Warrant then outstanding or to be outstanding shall have the right thereafter (until the expiration of such Warrant) to receive, upon exercise of such Warrant, the kind and amount of shares of Common Stock and other securities and property receivable upon such consolidation or merger, by a holder of the number of shares of Common Stock of the Company for which such warrant might have been exercised immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for registration of the underlying Common Stock provided in Section 6 hereof and for adjustments which shall be identical to the adjustments provided in Section 7 hereof. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

9. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number

of shares of Common Stock or other securities, properties or rights as the case may be.

10. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, such number of shares sufficient for issuance upon the exercise of the Warrants.

11. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

12. This Agreement shall be governed by and in accordance with the laws of the State of Michigan.

IN WITNESS WHEREOF, ROCKWELL MEDICAL TECHNOLOGIES, INC. has caused this Warrant to be signed by its duly authorized officer as of the date set forth on the first page hereof.

ROCKWELL MEDICAL TECHNOLOGIES, INC.

By: _____
Robert Chioini
President and Chief Executive Officer

EXERCISE FORM

To Be Executed by the Holder
in Order to Exercise Warrant

The undersigned Holder hereby irrevocably elects to exercise this Warrant and to purchase _____ shares of the Company's Common Stock issuable upon the exercise of such Warrant, and requests that certificates for such securities shall be issued in name of:

(please print or type name and address)

(please insert social security or other identifying number)

and be delivered:

(please print or type name and address)

(please insert social security or other identifying number)

and if such number of shares of Common Stock shall not be all the shares evidenced by this Warrant Certificate, that a new Warrant Certificate for the balance of such shares be registered in the name of, and delivered to, the Holder.

(Please sign here)

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") dated as of _____, 1997, by and between Rockwell Medical Technologies, Inc., a Michigan corporation (the "Company"), and the person whose name appears on the signature page attached hereto (individually a "Holder", and together with the holders of other Units issued in the private placement Offering hereinafter described, the "Holders").

WHEREAS, pursuant to a Confidential Private Offering Memorandum dated May 7, 1997 (the "Confidential Memorandum") and a subscription agreement annexed as an exhibit thereto (the "Subscription Agreement"), the Company is Offering (the "Offering") a minimum of 5 units and a maximum of 25 units, each unit (the "Unit") consisting of 20,000 shares of the Company's common stock, no par value (the "Common Stock"), and 20,000 common stock purchase warrants (the "Warrants").

WHEREAS, each Warrant entitles the registered holder thereof to purchase one share of Common Stock, at a purchase price of \$4.50 per share;

WHEREAS, each Warrant is exercisable for a period of three years commencing one year from the later of: (i) the closing of the Offering, and (ii) the effective date of the Company's anticipated registered initial public offering, and shall be automatically exchanged for warrants offered in the anticipated registered public offering if any warrants are offered in the anticipated registered initial public offering;

WHEREAS, the Offering is exempt from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act");

WHEREAS, pursuant to the terms of, and in order to induce the Holders to enter into the Subscription Agreement to purchase the Units, the Company and the Holders have agreed to enter into this Agreement;

WHEREAS, it is intended by the Company and the Holders that this Agreement shall become effective immediately upon the acquisition by the Holder of the Unit(s);

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and in the Subscription Agreement, the Company hereby agrees as follows:

1. Registration Rights.

(a) "Piggyback Registration". If the Company at any time proposes to register any of its securities under the 1933 Act (other than in connection with an employee benefit plan, a business combination, an exchange offer, a dividend reinvestment plan, a merger or acquisition or pursuant to a registration statement on Form S-4, Form S-8 or any successor form), the Company shall request that the underwriter or managing underwriter (if any) of an

underwritten offering, or if not an underwritten offering the Company shall, include the Common Stock, the shares of Common Stock underlying the Warrants and if public warrants are being offered, the Warrants (the "Warrant Shares") (the Common Stock, Warrants and Warrant Shares collectively referred to herein as, the "Registrable Securities") in such registration, it will give written notice by U.S. Mail, at least thirty (30) days prior to the filing of each such registration statement, to the undersigned of its intention to do so. If the offering is underwritten and such underwriter or managing underwriter agrees to include the Registrable Securities in the underwritten offering, or if not an underwritten offering, the Company shall at such time give prompt written notice to all Holders of its intention to effect such registration and of such Holders' rights under such proposed registration, and upon the request of any such Holder delivered to the Company within twenty (20) days after giving such notice (which request shall specify the Registrable Securities intended to be disposed of by such Holder and the intended method of disposition thereof), the Company shall include such Registrable Securities held by such Holder requested to be included in such registration; provided, however, that:

If, at any time after giving such written notice of the Company's intention to register any of the Holders' Registrable Securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay the registration of its securities, at its sole election, the Company may give written notice of such determination to each Holder and thereupon shall be relieved of its obligation to register any Registrable Securities issued or issuable in connection with such registration (but not from its obligation to pay registration expenses in connection therewith or to register the Registrable Securities in a subsequent registration) ; and in the case of a determination to delay a registration shall thereupon be permitted to delay registering any Registrable Securities for the same period as the delay in respect of securities being registered for the Company's own account.

(b) Option to Include Registrable Securities in Offering. The Holders, subject to the provisions of Section 1, shall have the option to include their Registrable Securities in the Company's underwritten offering. The Company shall not be required to include any of the Holders' Registrable Securities in an underwritten offering of the Company's securities unless such Holders accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (provided such terms are usual and customary for selling stockholders) and the Holders agree to execute and/or deliver such documents in connection with such registration as the Company or the managing underwriter may reasonably request. Notwithstanding the provisions of this Section 1, if the Company's securities so registered for sale are to be distributed in an underwritten offering and the managing underwriter shall advise the Company in writing that, in its opinion, the amount of securities to be offered should be limited in order to assure a successful offering, the amount of Registrable Shares to be included in such registration statement shall be so limited and

shall be allocated among the persons selling such securities in the following order of priority: (i) first to be registered will be the securities the Company proposes to sell, (ii) next to the registered will be the Registrable Shares and any other shares of Common Stock subject to similar piggyback registration rights granted by the Company in proportion, as nearly as practicable, to the number of shares of Common Stock owned by each holder of such shares of Common Stock.

(c) Cooperation with Company. The Holder will cooperate with the Company in all respects in connection with this Agreement, including, timely supplying all information reasonably requested by the Company and executing and returning all documents reasonably requested in connection with the registration and sale of the Registrable Securities.

2. Registration Procedures. If and whenever the Company is required by any of the provisions of this Agreement to use its best efforts to effect the registration of any of the Registrable Securities under the 1933 Act, the Company shall (except as otherwise provided in this Agreement), as expeditiously as possible:

(a) prepare and file with the Securities and Exchange Commission (the "Commission") a registration statement and shall use its best efforts to cause such registration statement to become effective and remain effective until all the Registrable Securities are sold or become capable of being publicly sold without registration under the 1933 Act.

(b) 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 at least fourteen months and to comply with the provisions of the 1933 Act with respect to the sale or other disposition of all securities covered by such registration statement whenever the Holder or Holders of such securities shall desire to sell or otherwise dispose of the same (including prospectus supplements with respect to the sales of securities or the exercise of Warrants from time to time in connection with a registration statement pursuant to Rule 415 of the Commission);

(c) furnish to the Holder such numbers of copies of a summary prospectus or other prospectus, including a preliminary prospectus or any amendment or supplement to any prospectus, in conformity with the requirements of the 1933 Act, and such other documents, as the Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the Holder;

(d) use its best efforts to register and qualify the Registrable Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as the Underwriter requests shall reasonably request, and do any and all other

acts and things which may be necessary or advisable to enable such Holder to consummate the public sale or other disposition in such jurisdictions of the Registrable Securities owned by such Holder, except that the Company shall not for any such purpose be required to qualify to do business as a foreign corporation in any Jurisdiction wherein it is not so qualified or to file therein any general consent to service of process or subject itself to taxation in any such jurisdiction;

(e) use its best efforts to list such securities on any securities exchange on which any securities of the Company is then listed, if the listing of such securities is then permitted under the rules of such exchange;

(f) enter into and perform its obligations under an underwriting agreement, if the offering is an underwritten offering, in usual and customary form, with the managing underwriter or underwriters of such underwritten offering;

(g) notify the Holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto covered by such registration statement is required to be delivered under the 1933 Act, of the happening of any event of which it has knowledge as a result of which the prospectus included 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 the light of the circumstances then existing; and

(h) take such other actions as shall be reasonably requested by any Holder to facilitate the registration and sale of the Registrable Securities; provided, however, that the Company shall not be obligated to take any actions not specifically required elsewhere herein which in the aggregate would cost in excess of \$5,000.

3. Restrictions on Transfer of Registrable Securities. The Holder agrees that he will not sell or transfer any of the Registrable Securities for a period of thirteen (13) months from the effective date (the "Effective Date") of the registration statement pursuant to which its Registrable Securities have been registered in an offering without the prior written consent of the Placement Agent or the managing underwriter of an initial public offering of the Company's securities.

4. Expenses. All expenses incurred in any registration of the Holder's Registrable Securities under this Agreement shall be paid by the Company, including, without limitation, printing expenses, fees and disbursements of counsel for the Company, expenses of any audits to which the Company shall agree or which shall be necessary to comply with governmental requirements in connection with any such registration, all registration and filing fees for the Holders' Registrable Securities under federal and State

securities laws, and expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to Section 2 (d) ; provided, however, the Company shall not be liable for (a) any discounts or commissions to any underwriter; (b) any stock transfer taxes incurred with respect to Registrable Securities sold in the Offering or (c) the fees and expenses of counsel for any Holder, provided that the Company will pay the costs and expenses of Company counsel when the Company's counsel is representing any or all selling security holders.

5. Indemnification. In the event any Registrable Securities are included in a registration statement pursuant to this Agreement:

(a) Company Indemnity. Without limitation of any other indemnity provided to any Holder, either in connection with the Offering or otherwise, to the extent permitted by law, the Company shall indemnify and hold harmless each Holder, the affiliates, officers, directors and partners of each Holder, any underwriter (as defined in the 1933 Act) for such Holder, and each person, if any, who controls such Holder or underwriter (within the meaning of the 1933 Act or the Securities Exchange Act of 1934 (the "Exchange Act") , against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the 1933 Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statements including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, or any blue sky filings made in any jurisdiction, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the Exchange Act, or any state securities law or any rule or regulation promulgated under the 1933 Act, the Exchange Act or any state securities law, (iv) the Company will not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by, or on behalf of, the undersigned or any such Underwriter specifically for use therein, and (v) such indemnity shall not inure to the benefit of the undersigned or such Underwriter (or such controlling person or director of the undersigned or such Underwriter) if any such loss, claim, damage, expense, or liability arises out of or is based upon (A) the undersigned's or the Underwriter's failure to deliver timely a copy of the final prospectus (or the final prospectus as then amended, revised or supplemented), or (B) any such untrue statement or omission of a material fact that was corrected in the final prospectus (or the most recent amendment, revision or supplement thereto) and the undersigned or the Underwriter failed to deliver it timely; provided further, however, that the Company shall not be relieved of any

responsibility under preceding clause (v) to the undersigned or Underwriter if the Company did not on a timely basis provide to the undersigned (in the case of a non-underwritten distribution) or to the Underwriter a sufficient number of copies of the prospectus and in each case, the Company shall reimburse the Holder, affiliate, officer or director or partner, underwriter or controlling person for any legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable to any Holder in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by the Holder or any other officer, director or controlling person thereof.

(b) Holder Indemnity. The Holder shall indemnify and hold harmless the Company, its officers and directors, any underwriter (as defined in the 1933 Act) of such registration statement and each person, if any, who controls the Company or such underwriter (within the meaning of the 1933 Act or the Exchange Act) , against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the 1933 Act, the Exchange Act or any state securities law, and the Holder shall reimburse the Company, officer or director, underwriter or controlling person for any legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; insofar as such losses, claims, damages or liabilities (or actions and respect thereof) arise out of or are based upon any Violation; provided, however, that the Holder shall not be liable to the Company in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by the Company or any other officer, director or controlling person thereof.

(c) Notice; Right to Defend. Promptly after receipt by an indemnified party under this Section 5 of notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 5, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and if the indemnifying party agrees in writing that it will be responsible for any costs, expenses, judgments, damages and losses incurred by the indemnified party with respect to such claim, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if the indemnified party reasonably believes that representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other

party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Agreement only if and to the extent that such failure is prejudicial to its ability to defend such action, and the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Agreement.

(d) Contribution. If the indemnification provided for in this Agreement is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relevant fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties, relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Notwithstanding the foregoing, the amount the Holder shall be obligated to contribute pursuant to the Agreement shall be limited to an amount equal to the proceeds to the Holder of the Registrable Securities sold pursuant to the registration statement which gives rise to such obligation to contribute (less the aggregate amount of any damages which the Holder has otherwise been required to pay in respect of such loss, claim, damage, liability or action or any substantially similar loss, claim, damage, liability or action arising from the sale of such Registrable Securities).

(e) Survival of Indemnity. The indemnification provided by this Agreement shall be a continuing right to indemnification and shall survive the registration and sale of any Registrable Securities by any person entitled to indemnification hereunder and the expiration or termination of this Agreement.

6. Assignment of Registration Rights. The rights of the Holder under this Agreement, including the rights to cause the Company to register Registrable Securities may not be assigned without the written prior consent of the Company.

7. Remedies.

Remedies Upon Default or Delay. The Company acknowledges the breach of

any part of this Agreement may cause irreparable harm to the Holder and that monetary damages alone may be inadequate. The Company therefore agrees that the Holder shall be entitled to injunctive relief or such other applicable remedy as a court of competent jurisdiction may provide. Nothing contained herein will be construed to limit a Holder's right to any remedies at law, including recovery of damages for breach of any part of this Agreement.

8. Notices.

(a) All communications under this Agreement shall be in writing and shall be mailed by first class mail, postage prepaid, or telegraphed or telexed with confirmation of receipt or delivered by hand or by overnight delivery service,

i. If to the Company, at:

Rockwell Medical Technologies, Inc.
28025 Oakland Oaks Drive
Wixom, Michigan 48393

or at such other address as it may have furnished in writing to the Holder of Registrable Securities at the time outstanding, or

ii. if to the Holder of any Registrable Securities, to the address of such Holder as it appears in the stock ledger of the Company.

(b) Any notice so addressed, when mailed by registered or certified mail shall be deemed to be given three days after so mailed, when telegraphed or telexed shall be deemed to be given when transmitted, or when delivered by hand or overnight shall be deemed to be given when delivered.

9. Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the Holder.

10. Amendment and Waiver. This Agreement may be amended, and the observance of any term of this Agreement may be waived, but only with the written consent of the Company and the Holder; provided, however, that no such amendment or waiver shall take away any registration right of the Holder of Registrable Securities or reduce the amount of reimbursable costs to the Holder of Registrable Securities in connection with any

registration hereunder without the consent of the Holder. No delay on the part of any party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any party of any right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

11. Counterparts. One or more counterparts of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Michigan, without giving effect to conflicts of law principles.

14. Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

15. Headings. The headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

ROCKWELL MEDICAL TECHNOLOGIES, INC.

Signature of Holder

BY: _____
Robert Chioini
President and Chief Executive
Officer

Print Name of Holder

Print Address of Holder

November __, 1997

Mason Hill & Co., Inc.
110 Wall Street
New York, New York 10005

Ladies and Gentlemen:

In order to induce Mason Hill & Co., Inc. as the representative of the underwriters (the "Representative") to enter into an underwriting agreement with respect to the proposed public offering (the "Offering") of up to 2,070,000 shares of common stock, no par value (the "Common Stock") and 3,205,000 redeemable common stock purchase warrants (the "Public Warrants," and together with Common Stock, the "Securities") of Rockwell Medical Technologies, Inc., a Michigan corporation (the "Company"), pursuant to a Registration Statement on Form SB-2, Registration No. 333-31991 (the "Registration Statement"), the undersigned, as the beneficial owner of _____ shares of Common Stock and _____ Common Stock Purchase Warrants, covenants and agrees for the benefit of the Company and the Underwriter to abide to the following terms and conditions of this Agreement:

1. For a period of thirteen (13) months subsequent to the date upon which the Securities and Exchange Commission (the "Commission") declares the Registration Statement filed with the Commission effective under the Securities Act of 1933, as amended (the "Act"), the undersigned will not, without the prior written consent of the Underwriter, offer, pledge, sell, transfer, assign, contract to sell, grant any option for the sale of, or otherwise dispose of, directly or indirectly, pursuant to Rule 144 promulgated under the Act ("Rule 144") or otherwise, any shares of the Common Stock beneficially owned by the undersigned (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")).

2. Prior to the effective date of the Registration Statement, the undersigned will not, without the prior written consent of the Representative, offer, pledge, sell, transfer, assign, contract to sell, grant any option for the sale of, or otherwise dispose of, directly or indirectly, pursuant to Rule 144, or otherwise, any shares of Common Stock, or the public Warrants beneficially owned by the undersigned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) on the date hereof or hereafter acquired without first requiring any such acquiring parties to execute and deliver to the Underwriter an agreement satisfactory to the Representative in substantially the

same form as this Agreement.

3. To enable the Representative to enforce the aforesaid covenants, the undersigned hereby consents to the placing of restrictive legends consistent with this Agreement upon the Securities and to the entry of stop-transfer orders consistent with this Agreement on the books and records of the transfer agent of the Securities with respect to any Securities registered in the undersigned's name or beneficially owned by the undersigned. The Company agrees to instruct the transfer agent to place such legends and enter such stop-transfer orders and not to transfer any Securities without the consent of the Representative as set forth herein.

4. The undersigned hereby waives any registration rights he/she may have been granted in connection with the Offering by any Subscription Agreement with the Company or otherwise, including, but not limited to, any "piggyback registration rights" such as (i) any right to notice of the Offering and (ii) any right to have the Securities owned by the undersigned registered by the Registration Statement or included in the Offering.

5. The undersigned understands that the Company and the Representative will rely upon this Agreement if they proceed with the Offering. The provisions of this Agreement shall be binding upon the undersigned and the successors, assigns, heirs, and personal representatives of the undersigned.

Very truly yours,

Signature: -----

Print Name: -----

Accepted and Agreed to:
ROCKWELL MEDICAL TECHNOLOGIES, INC.

By: -----

Name: Robert Chioini
Title: President

COOPERS & LYBRAND LOGO

Coopers & Lybrand L.L.P.
a professional services firm

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this registration statement on Form SB-2, as amended, of our report dated July 11, 1997, except for the subsequent event paragraph of Note 3 for which the date is November 20, 1997, on our audits of the combined financial statements of Rockwell Medical Supplies, L.L.C. and Rockwell Transportation, L.L.C. and our report which includes an explanatory paragraph related to the uncertainty of the Company's ability to continue as a going concern, dated November 20, 1997 on our audit of the consolidated financial statements of Rockwell Medical Technologies, Inc. We also consent to the reference to our Firm under the caption "Experts".

COOPERS & LYBRAND LLP

Detroit, Michigan

November 20, 1997

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SEP-30-1997
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