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**United States**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**Form 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-23661

**ROCKWELL MEDICAL, INC.**

(Exact name of registrant as specified in its charter)

**Michigan**

(State or other jurisdiction of  
incorporation or organization)

**30142 Wixom Road, Wixom, Michigan**  
(Address of principal executive offices)

**38-3317208**

(I.R.S. Employer  
Identification No.)

**48393**

(Zip Code)

**(248) 960-9009**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,  
if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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

Large accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of October 31, 2017
Common Stock, no par value	51,761,040 shares

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Triferic® is a registered trademark of Rockwell Medical, Inc.

**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements****ROCKWELL MEDICAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****As of September 30, 2017 and December 31, 2016**

(Unaudited)

	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,887,923	\$ 17,180,594
Investments Available for Sale	35,028,841	40,759,703
Accounts Receivable, net of a reserve of \$6,000 in 2017 and \$5,000 in 2016	5,374,390	6,393,228
Inventory	14,864,642	12,141,072
Other Current Assets	2,032,095	2,034,598
<b>Total Current Assets</b>	<b>61,187,891</b>	<b>78,509,195</b>
Property and Equipment, net	1,708,817	1,391,575
Inventory, Non-Current	1,494,175	1,826,554
Intangible Assets	4,117	4,382
Goodwill	920,745	920,745
Other Non-current Assets	490,655	501,187
<b>Total Assets</b>	<b>\$ 65,806,400</b>	<b>\$ 83,153,638</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts Payable	\$ 4,188,677	\$ 5,858,234
Accrued Liabilities	3,231,789	4,210,151
Customer Deposits	199,407	77,217
<b>Total Current Liabilities</b>	<b>7,619,873</b>	<b>10,145,602</b>
Deferred License Revenue	17,396,167	20,051,737
Shareholders' Equity:		
Common Shares, no par value, 51,761,040 and 51,527,711 shares issued and outstanding	272,055,391	268,199,939
Accumulated Deficit	(231,223,093)	(214,341,092)
Accumulated Other Comprehensive Income	(41,938)	(902,548)
<b>Total Shareholders' Equity</b>	<b>40,790,360</b>	<b>52,956,299</b>
<b>Total Liabilities And Shareholders' Equity</b>	<b>\$ 65,806,400</b>	<b>\$ 83,153,638</b>

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

**ROCKWELL MEDICAL, INC. AND SUBSIDIARIES****CONSOLIDATED INCOME STATEMENTS****For the three and nine months ended September 30, 2017 and September 30, 2016**

(Unaudited)

	<b>Three Months Ended September 30, 2017</b>	<b>Three Months Ended September 30, 2016</b>	<b>Nine Months Ended September 30, 2017</b>	<b>Nine Months Ended September 30, 2016</b>
Sales	\$ 14,626,904	\$ 12,814,815	\$ 42,462,265	\$ 39,894,380
Cost of Sales	13,555,853	11,234,934	37,535,454	35,130,045
Gross Profit	1,071,051	1,579,881	4,926,811	4,764,335
Selling, General and Administrative	4,791,636	5,070,127	17,433,530	15,071,238
Research and Product Development	1,304,658	1,261,863	4,195,003	4,639,617
Operating Income (Loss)	(5,025,243)	(4,752,109)	(16,701,722)	(14,946,520)
Interest and Investment Income	(31,751)	188,847	(180,279)	602,429
Income (Loss) Before Income Taxes	(5,056,994)	(4,563,262)	(16,882,001)	(14,344,091)
Income Tax Expense	—	—	—	(404,527)
Net Income (Loss)	\$ (5,056,994)	\$ (4,563,262)	\$ (16,882,001)	\$ (14,748,618)
Basic Earnings (Loss) per Share	\$ (0.10)	\$ (0.09)	\$ (0.33)	\$ (0.29)
Diluted Earnings (Loss) per Share	\$ (0.10)	\$ (0.09)	\$ (0.33)	\$ (0.29)

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

**ROCKWELL MEDICAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****For the three and nine months ended September 30, 2017 and September 30, 2016**

(Unaudited)

	<u>Three Months Ended September 30, 2017</u>	<u>Three Months Ended September 30, 2016</u>	<u>Nine Months Ended September 30, 2017</u>	<u>Nine Months Ended September 30, 2016</u>
<b>Net Income (Loss)</b>	<b>\$ (5,056,994)</b>	<b>\$ (4,563,262)</b>	<b>\$ (16,882,001)</b>	<b>\$ (14,748,618)</b>
Unrealized Gain on Available-for-Sale				
Investments	248,628	115,541	860,752	311,273
Foreign Currency Translation Adjustments	132	(18)	(142)	(18)
<b>Comprehensive Income (Loss)</b>	<b><u>\$ (4,808,234)</u></b>	<b><u>\$ (4,447,739)</u></b>	<b><u>\$ (16,021,391)</u></b>	<b><u>\$ (14,437,363)</u></b>

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

## ROCKWELL MEDICAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2017

(Unaudited)

	COMMON SHARES		ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL SHAREHOLDER'S EQUITY
	SHARES	AMOUNT			
Balance as of December 31, 2016	51,527,711	\$ 268,199,939	\$ (214,341,092)	\$ (902,548)	\$ 52,956,299
Net Loss	—	—	(16,882,001)	—	(16,882,001)
Unrealized Gain on Available-for-Sale Investments	—	—	—	860,752	860,752
Foreign Currency Rate Changes	—	—	—	(142)	(142)
Issuance of Common Shares	21,000	116,105	—	—	116,105
Shares Issued in Exchange for Services	50,000	158,667	—	—	158,667
Stock Option Based Expense	—	3,275,339	—	—	3,275,339
Stock Tendered in Satisfaction of Tax Liabilities	(317,671)	(2,287,231)	—	—	(2,287,231)
Restricted Stock Amortization	480,000	2,592,572	—	—	2,592,572
Balance as of September 30, 2017	51,761,040	\$ 272,055,391	\$ (231,223,093)	\$ (41,938)	\$ 40,790,360

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

## ROCKWELL MEDICAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2017 and September 30, 2016

(Unaudited)

	2017	2016
Cash Flows From Operating Activities:		
Net (Loss)	\$ (16,882,001)	\$ (14,748,618)
Adjustments To Reconcile Net Loss To Net Cash Used In Operating Activities:		
Depreciation and Amortization	384,835	583,501
Share Based Compensation—Non-employee	158,667	—
Share Based Compensation—Employees	5,874,769	7,794,690
Loss on Disposal of Assets	4,084	7,340
Loss on Sale of Investments Available for Sale	704,695	26,820
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable	(149,429)	(2,984,463)
(Increase) in Inventory	(2,391,191)	(3,888,489)
Decrease (Increase) in Other Assets	224,635	(1,376,042)
(Decrease) in Accounts Payable	(1,669,651)	(598,427)
(Decrease) in Other Liabilities	(863,034)	(179,856)
(Decrease) in Deferred License Revenue	(1,494,360)	(1,445,058)
(Decrease) Increase in Deferred Drug License Revenue	(204,543)	3,818,184
Changes in Assets and Liabilities	(6,547,573)	(6,654,151)
Cash (Used In) Operating Activities	<b>(16,302,524)</b>	<b>(12,990,418)</b>
Cash Flows From Investing Activities:		
Purchase of Investments Available for Sale	(34,235,347)	(23,158,809)
Sale of Investments Available for Sale	40,122,266	24,491,678
Purchase of Equipment	(706,346)	(328,322)
Proceeds on Sale of Assets	450	1,000
Cash Provided by Investing Activities	<b>5,181,023</b>	<b>1,005,547</b>
Cash Flows From Financing Activities:		
Proceeds from Issuance of Common Shares	116,105	80,161
Restricted Stock Retained in Satisfaction of Tax Liabilities	(2,287,231)	—
Cash (Used In) Provided By Financing Activities	<b>(2,171,126)</b>	<b>80,161</b>
Effects of exchange rate changes	(44)	(18)
(Decrease) In Cash	(13,292,671)	(11,904,728)
Cash At Beginning Of Period	17,180,594	31,198,182
Cash At End Of Period	<b>\$ 3,887,923</b>	<b>\$ 19,293,454</b>
Supplemental Cash Flow disclosure		
Income Taxes Paid	\$ —	\$ 404,527

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

## **Rockwell Medical, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

#### **1. Description of Business**

Rockwell Medical, Inc. and Subsidiaries (collectively, “we”, “our”, “us”, or the “Company”) is a fully-integrated pharmaceutical company targeting end-stage renal disease and chronic kidney disease with innovative products for the treatment of iron deficiency, secondary hyperparathyroidism and hemodialysis.

We are currently marketing and developing unique, proprietary renal drug therapies. These novel renal drug therapies support disease management initiatives to improve the quality of life and care of dialysis patients and are designed to deliver safe and effective therapy, while decreasing drug administration costs and improving patient convenience and outcome. We have also obtained licenses for certain dialysis related drugs which we are developing and planning to market globally.

We are also an established manufacturer and leader in delivering high-quality hemodialysis concentrates/dialysates to dialysis providers and distributors in the United States and abroad. We manufacture, sell and distribute hemodialysis concentrates and other ancillary medical products and supplies used in the treatment of patients with End Stage Renal Disease, or “ESRD”. We supply our products to dialysis providers and distributors who treat patients with kidney disease. Our concentrate products are used to remove waste and replace essential nutrients in the blood of dialysis patients during their hemodialysis treatment. The majority of our sales occur in the United States.

We are regulated by the Federal Food and Drug Administration (“FDA”) under the Federal Drug and Cosmetics Act, as well as by other federal, state and local agencies. We hold several FDA product approvals including both drugs and medical devices.

#### **2. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

Our consolidated financial statements include our accounts and the accounts for our wholly owned subsidiaries, Rockwell Transportation, Inc. and Rockwell Medical India Private Limited. All intercompany balances and transactions have been eliminated in consolidation. The accompanying consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America, or “GAAP,” and with the instructions to Form 10-Q and Securities and Exchange Commission Regulation S-X as they apply to interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

In the opinion of our management, all adjustments have been included that are necessary to make the financial statements not misleading. All of these adjustments that are material are of a normal and recurring nature. Our operating results for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017. You should read our unaudited interim financial statements together with the financial statements and related footnotes for the year ended December 31, 2016 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 includes a description of our significant accounting policies.

##### **Revenue Recognition**

Our policy is to recognize revenue consistent with authoritative guidance for revenue recognition including the provisions of the Financial Accounting Standards Board Accounting Standards Codification. We recognize revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery (or passage of title) has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured.

Consistent with these guidelines we recognize revenue at the time we transfer title to our products to our customers which generally occurs when our products are delivered to our customer's location consistent with our terms of sale. We recognize revenue for international shipments when title has transferred consistent with standard terms of sale.

We apply judgment as we analyze each element of our contractual agreements to determine appropriate revenue recognition. The terms of our contractual agreements may include milestone payments if specified research and development objectives are achieved, non-refundable licensing fees, milestone payments on sales or royalties from product sales.

When entering into an arrangement, we first determine whether the arrangement includes multiple deliverables and is subject to the accounting guidance in ASC subtopic 605-25, Multiple-Element Arrangements. If we determine that an arrangement includes multiple elements, we determine whether the arrangement should be divided into separate units of accounting and how the arrangement consideration should be measured and allocated among the separate units of accounting. An element qualifies as a separate unit of accounting when the delivered element has standalone value to the customer. Our arrangements do not include a general right of return relative to delivered elements. Any delivered elements that do not qualify as separate units of accounting are combined with other undelivered elements within the arrangement as a single unit of accounting. If the arrangement constitutes a single combined unit of accounting, we determine the revenue recognition method for the combined unit of accounting and recognize the revenue either on a straight-line basis or on a modified proportional performance method over the period from inception through the date the last deliverable within the single unit of accounting is delivered.

Non-refundable upfront license fees are recorded as deferred revenue and recognized into revenue over the estimated period of our substantive performance obligations. If we do not have substantive performance obligations, we recognize non-refundable upfront fees into revenue through the date the deliverable is satisfied. Analyzing the arrangement to identify deliverables requires the use of judgment and each deliverable may be an obligation to deliver services, a right or license to use an asset, or another performance obligation. In arrangements that include license rights and other non-contingent deliverables, such as participation in a steering committee, these deliverables do not have standalone value because the non-contingent deliverables are dependent on the license rights. That is, the non-contingent deliverables would not have value without the license rights, and only we can perform the related services. Upfront license rights and non-contingent deliverables, such as participation in a steering committee, do not have standalone value as they are not sold separately and they cannot be resold. In addition, when non-contingent deliverables are sold with upfront license rights, the license rights do not represent the culmination of a separate earnings process. As such, we account for the license and the non-contingent deliverables as a single combined unit of accounting. In such instances, the license revenue in the form of non-refundable upfront payments is deferred and recognized over the applicable relationship period.

For milestone payments based on sales and for royalties based on sales, we recognize revenue in the quarter that the information related to the sales becomes available and collectability is reasonably assured.

For international license agreements that we have entered into, deferred license revenue is being recognized over the term of the license agreement.

The initial payment of \$20 million received pursuant to our long-term Exclusive Distribution Agreement (the "Distribution Agreement") with Baxter Healthcare Corporation ("Baxter") in October 2014 has been accounted for as deferred license revenue. Deferred license revenue is being recognized based on the proportion of product shipments to Baxter in each period to total expected sales volume for the term of the agreement. See Note 4 to condensed consolidated financial statements for information related to the settlement of arbitration proceedings with Baxter.

We recognize other revenues at the time the related fees and or payments are earned.

We require certain customers, mostly international customers, to pay for product prior to the transfer of title to the customer. Deposits received from customers and payments in advance for orders are recorded as liabilities under Customer Deposits until such time as orders are filled and title transfers to the customer consistent with our terms of sale.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements

in Topic 605, *Revenue Recognition*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new guidance is effective for the year beginning January 1, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is in the process of evaluating how the new revenue recognition standard could impact the financial statements and disclosures. For the majority of our sales transactions, the new standard is not expected to significantly change the timing of revenue recognition. The new standard could impact the timing of revenue recognition related to up-front and milestone payments for licensing agreements. The new standard will also require expanded disclosures surrounding revenue in the notes to the financial statements.

### **Cash and Cash Equivalents**

We consider cash on hand, money market funds, unrestricted certificates of deposit and short term marketable securities with an original maturity of 90 days or less as cash and cash equivalents.

### **Investments Available for Sale**

Investments Available for Sale are short-term investments, consisting of investments in short term bond funds and in short term bonds and are stated at fair value based upon observed market prices (Level 1 in the fair value hierarchy). The portfolio generally consists of high credit quality short term debt instruments. These instruments are subject to changes in fair market value due primarily to changes in interest rates. The fair value of these investments was \$35,028,841 as of September 30, 2017. Unrealized holding gains or losses on these securities are included in accumulated other comprehensive income (loss). Realized gains and losses, including declines in value judged to be other-than-temporary on available-for-sale securities are included as a component of other income or expense. Gross unrealized losses were \$76,399 and gross unrealized gains were \$35,274 as of September 30, 2017. There were realized gains of \$57 and realized losses of \$199,758 in the third quarter. For the nine months ended September 30, 2017, there were realized gains of \$57 and realized losses of \$704,752.

The Company has evaluated the near term interest rate environment and the expected holding period of the investments along with the duration of the fund portfolios in assessing the severity and duration of potential impairments. Based on that evaluation the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2017.

### **Research and Product Development**

We recognize research and product development expenses as incurred. We incurred product development and research costs related to the commercial development, patent approval and regulatory approval of new products aggregating approximately \$4.2 million and \$4.6 million for the nine months ended September 30, 2017 and 2016, respectively.

### **Share Based Compensation**

We measure the cost of employee and non-employee services received in exchange for equity awards, including stock options, based on the grant date fair value of the awards in accordance with ASC 718-10, Compensation — Stock Compensation. The cost of equity based compensation is recognized as compensation expense over the vesting period of the awards.

We estimate the fair value of compensation involving stock options utilizing the Black-Scholes option pricing model. This model requires the input of several factors such as the expected option term, expected volatility of our stock price over the expected option term, and an expected forfeiture rate, and is subject to various assumptions. We believe the valuation methodology is appropriate for estimating the fair value of stock options we grant to employees and directors which are subject to ASC 718-10 requirements. These amounts are estimates and thus may not be reflective of actual future results or amounts ultimately realized by recipients of these grants.

## Net Earnings Per Share

We computed our basic earnings (loss) per share using weighted average shares outstanding for each respective period. Diluted earnings per share also reflect the weighted average impact from the date of issuance of all potentially dilutive securities, consisting of stock options and common share purchase warrants, unless inclusion would have had an anti-dilutive effect. The calculation of basic weighted average shares outstanding excludes unvested restricted stock. Actual weighted average shares outstanding used in calculating basic and diluted earnings per share were:

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Basic Weighted Average Shares Outstanding	51,260,975	50,677,076	50,995,079	50,675,667
Effect of Dilutive Securities	—	—	—	—
Diluted Weighted Average Shares Outstanding	51,260,975	50,677,076	50,995,079	50,675,667

## 3. Inventory

Components of inventory as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Raw Materials	\$ 10,868,301	\$ 10,903,084
Work in Process	231,381	86,452
Finished Goods	5,259,134	2,978,090
Total	<u>\$ 16,358,816</u>	<u>\$ 13,967,626</u>

As of September 30, 2017, we classified \$1,494,175 of inventory as non-current all of which related to the active pharmaceutical ingredient for Triferic.

## 4. Baxter Distribution Agreement

As of October 2, 2014, we entered into the Distribution Agreement with Baxter, pursuant to which Baxter became the Company's exclusive agent for sales, marketing and distribution activities for the Company's hemodialysis concentrate and ancillary products in the United States and various foreign countries for an initial term of 10 years. The Distribution Agreement does not include any of the Company's drug products. The Company retains sales, marketing and distribution rights for its hemodialysis concentrate products in specified foreign countries in which the Company has an established commercial presence.

On September 12, 2016, Baxter initiated an arbitration proceeding against Rockwell in accordance with the International Institute for Conflict Prevention and Resolution, Inc.'s Rules for Non-Administered Arbitration under the Distribution Agreement alleging various breaches of the Distribution Agreement, and Rockwell counterclaimed alleging various breaches by Baxter. On June 23, 2017, the Company and Baxter settled the arbitration (the "Settlement"). The Settlement included a mutual release with respect to all known claims existing on the date of the Settlement and the arbitration was dismissed with prejudice. No payments were made by either party in connection with the Settlement.

In connection with the Settlement, on June 23, 2017, the Company and Baxter entered into a First Amendment to Exclusive Distribution Agreement and a First Amendment to Investment Agreement. The terms of the Settlement included, among other things, modified pricing that provides incentive to Baxter to pursue new customers and increase future sales. Our Settlement with Baxter is not expected to have a material impact on our liquidity or results of operations.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere in this report. References in this report to the "Company," "we," "our" and "us" are references to Rockwell Medical, Inc. and its subsidiaries.

### Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission, or SEC. We may also make forward-looking statements in our press releases or other public or shareholder communications. Our forward-looking statements are subject to risks and uncertainties and include information about our expectations and possible or assumed future results of our operations. When we use words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "projected," "intend," or similar expressions, or make statements regarding our intent, belief, or current expectations, we are making forward-looking statements. Our forward looking statements also include, without limitation, statements about our competitors, statements regarding Triferic and Calcitriol, statements relating to our Settlement with Baxter and statements regarding our anticipated future financial condition, operating results, cash flows and business plans.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. While we believe that our forward-looking statements are reasonable, you should not place undue reliance on any such forward-looking statements, which are based on information available to us on the date of this report or, if made elsewhere, as of the date made. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different. Factors that might cause such a difference include, without limitation, the risks and uncertainties discussed in our quarterly report for the period ended June 30, 2017 under "Part II - Item 1A — Risk Factors" as modified in "Part II - Item 1A — Risk Factors" of this report, as well as the risks listed below:

#### *Risks Related To Our Drug Business*

- Although Triferic has been approved by the FDA, we may not be able to commercialize it successfully.
- If we are unable to use our Triferic inventory before its shelf life expires, we may have to take a reserve which could have a material adverse effect on our results of operations and financial condition.
- Our ability to market Triferic and other FDA-approved drugs is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, which may limit our ability to market Triferic and our other drug products.
- We depend on contract manufacturing organizations to manufacture our drug products. If these organizations are unable or unwilling to manufacture our drug products, or if these organizations fail to comply with FDA or other applicable regulations or otherwise fail to meet our requirements, our drug business will be harmed.
- We rely on third party suppliers for raw materials and packaging components of our drug products. We may not be able to obtain the raw materials and proper components we need, or the cost of the materials or components may be higher than expected, any of which could impair our production or commercialization of drug products and have a material adverse effect on our results of operations, financial position and cash flows.
- We may not be successful in obtaining foreign regulatory approvals or in arranging out-licensing partners capable of obtaining the approvals needed to effectively commercialize our drug products outside of the United States. Even if we are successful in out-licensing our drug products and obtaining the required regulatory approvals, the licensees or partners may not be effective at marketing our products in certain markets or at all.
- We may not be successful in expanding our drug product portfolio or in our business development efforts related to in-licensing, acquisitions or other business collaborations. Even if we are able to enter into business development arrangements, they could have a negative impact on our business and our profitability.
- Expansion of our drug business in the United States may require FDA approval of new drug candidates or indications for use. The process of obtaining FDA approval is a long and expensive process with no guarantee of success.
- Our drug business depends on government funding of health care, and changes could impact our ability to be paid in full for our products, increase prices or cause consolidation in the dialysis provider market.
- It may be difficult for us to capture market share for Calcitriol in the highly competitive generic drug market.

***Risks Related To Our Concentrate Business***

- We may be required to repay a portion of the fees received from Baxter, which could materially and adversely affect our financial position and cash reserves.
- A few customers account for a substantial portion of the end user sales of our concentrate products. The loss of any of these customers could have a material adverse effect on our results of operations and cash flow from our concentrate business.
- The concentrate market is competitive and has a large competitor with substantial resources.
- We may be affected materially and adversely by increases in raw material costs.

***Risks Related To Our Business As A Whole***

- Our drug and concentrate businesses are highly regulated, resulting in additional expense and risk of noncompliance that can materially and adversely affect our business, financial condition and results of operations.
- Health care reform could adversely affect our business.
- We depend on key personnel, the loss of which could harm our ability to operate.
- Defending our intellectual property rights could be expensive, we may not always be successful in protecting our exclusive rights and we could be prevented from selling products, forced to pay damages and compelled to defend against litigation if we infringe the rights of a third party.
- Our products may have undesirable side effects and our product liability insurance may not be sufficient to protect us from material liability or harm to our business.
- Our business and operations would suffer in the event of a security breach, system failure, invasion, corruption, destruction or interruption of our or our business partners' critical information technology systems or infrastructure.
- We may be unable to obtain secured debt financing in the future as a result of our Distribution Agreement with Baxter.

***Risks Related To Our Common Stock***

- Shares eligible for future sale may affect the market price of our common shares.
- The market price for our common stock is volatile.
- Our ability to use our net operating loss carryforwards to offset potential taxable income and related income taxes that would otherwise be due may be limited.
- We could have a material weakness in our internal control over financial reporting, which, until remedied, could result in errors in our financial statements requiring restatement of our financial statements. As a result, investors may lose confidence in our reported financial information, which could lead to a decline in our stock price.
- Structural and anti-takeover provisions reduce the likelihood that you will receive a takeover premium.
- We do not anticipate paying dividends in the foreseeable future.

Other factors not currently anticipated may also materially and adversely affect our results of operations, cash flow and financial position. There can be no assurance that future results will meet expectations. We do not undertake and expressly disclaim any obligation to update or alter any statements whether as a result of new information, future events or otherwise, except as may be required by applicable law.

**Overview**

Rockwell is a fully-integrated pharmaceutical company targeting end-stage renal disease and chronic kidney disease with innovative products and services for the treatment of iron deficiency, secondary hyperparathyroidism and hemodialysis. We are also an established manufacturer and leader in delivering high-quality hemodialysis concentrates/dialysates to dialysis providers and distributors in the United States and abroad. We supply approximately 25% of the United States domestic market with dialysis concentrates and we also supply dialysis concentrates to distributors serving a number of foreign countries, primarily in the Americas and the Pacific Rim. Substantially all of our sales were concentrate products and related ancillary items.

Our business strategy is developing unique, proprietary renal drug therapies that we can commercialize or out-license, while also expanding our dialysis products business. These novel renal drug therapies support disease management initiatives to improve the quality of life and care of dialysis patients and are designed to deliver safe and effective therapy, while decreasing drug administration costs and improving patient convenience and outcome.

Triferic is our lead branded drug. We believe it has the potential to capture significant market share due to its improved clinical and cost-saving benefits. Triferic received FDA approval in 2015, and is the only FDA-approved therapy indicated to replace iron and maintain hemoglobin in adult hemodialysis patients. Triferic received a reimbursement J-code, effective January 1, 2016. At about that time, we received clarification from CMS that Triferic would be included in the ESRD bundled payment which initiated our pursuit of separate reimbursement, which is available for new, innovative therapies. Although we cannot be certain, we believe that Triferic will receive separate reimbursement, which offers greater incentive for dialysis providers to adopt new, innovative therapies.

We believe that Triferic will receive separate reimbursement as a result of our extensive efforts in working with policy makers. We have had in-depth discussions with high level officials within the current administration, key members of Congress, patient advocacy groups and other stakeholders regarding the merits of Triferic and why this innovative therapy should receive separate reimbursement, all of whom have been supportive of our efforts. We have had meetings with the leadership of the Department of Health and Human Services, the Centers for Medicare and Medicaid Services (CMS) and the Center for Medicare and Medicaid Innovation (CMMI). Upon their guidance, we have submitted a proposal to the Innovation Center at CMS. Among other advantages, the proposal highlights the improved clinical benefits that Triferic provides to patients, as well as the significant cost savings Triferic delivers to both Medicare and dialysis providers. Additionally, our key supporters in Congress and other influential agencies are encouraging CMS to immediately approve separate reimbursement for Triferic. We cannot predict the outcome or timing of the CMS review.

Until the separate reimbursement issue is resolved for Triferic, we do not anticipate realizing significant revenues from Triferic sales. In the meantime, we continue to make progress in marketing to and educating our customers about Triferic and the valuable benefit it delivers by improving patient outcomes and lowering costs. We also continue to provide Triferic to dialysis providers via a drug sample program, receiving favorable response to the positive clinical and cost saving benefits. Our marketing and selling efforts to nephrologists and nurses, as well as to patients, are effective and being received favorably.

We have built significant inventory of Triferic in anticipation of receiving separate reimbursement. If we are unable to successfully commercialize Triferic and achieve sufficient sales volumes over the next one to two years, we may have to write off a significant portion of our inventory investment in Triferic, which would have an adverse effect on our results of operations. As of September 30, 2017, we had \$4.0 million of Triferic finished goods inventory that could expire within the next twelve months. We reserved \$0.6 million in the third quarter for specific Triferic API batches that were determined to be in excess of our expected requirements over the next year and for which there was no plan to convert the API into finished goods.

Our global strategy is to license Triferic to key partners to commercialize internationally. We are actively pursuing international licensing opportunities in a number of countries and regions. Additionally, we are continuing development work on other clinical indications related to iron deficiency that address unmet patient needs and we are evaluating opportunities to in-license other products that will complement our product portfolio.

We are also working to begin marketing Calcitriol, generic injectable vitamin-D, which is manufactured through contract manufacturing organizations (“CMOs”). We received written notice from the FDA in October 2017 that the FDA needed additional time to review the data submitted by us supporting Calcitriol. The notice contained no indication by FDA of any deficiency with the data submitted. We expect to begin marketing Calcitriol in the first quarter of 2018 assuming FDA approval of the submission.

Rockwell sells its dialysis concentrates in the United States and certain foreign markets under the Distribution Agreement with Baxter. Rockwell receives a pre-defined gross profit margin on its concentrate products sold pursuant to the Distribution Agreement, subject to an annual true-up of costs. As discussed in more detail in Note 4 to the condensed consolidated financial statements, Baxter and Rockwell settled their contractual dispute and, as part of their settlement, modified pricing that provides incentive to Baxter to pursue new customers and increase future sales. The Settlement with Baxter is not expected to have a material impact on our liquidity or results of operations.

## **Results of Operations for the Three Months and Nine Months Ended September 30, 2017 and September 30, 2016**

### **Sales**

Our sales in the third quarter of 2017 were \$14.6 million, \$1.8 million or 14.1% higher than the third quarter of 2016. The increase was primarily due to higher domestic concentrate sales of \$1.6 million which was primarily due to volume growth with our domestic customers. Invoicing for pass through delivery costs to Baxter increased approximately \$0.6 million due to volume growth and increased expenses compared to the third quarter of 2016. Our international sales were \$0.2 million higher than the third quarter of 2016. Revenue recognized from licensing fees was the same as the third quarter of 2016.

Our sales in the first nine months of 2017 were \$42.5 million, an increase of \$2.6 million or 6.4% over the first nine months of 2016. Our domestic concentrate sales increased \$2.4 million or 6.9% over the first nine months of 2016 primarily due to increased sales volumes and additional pass through billings for delivery services to Baxter. Our international sales were \$0.2 million higher than the first nine months of 2016. Our drug business revenue was not significant in the first nine months of 2017 or 2016.

### **Gross Profit**

Gross profit in the third quarter of 2017 was \$1.1 million compared to \$1.6 million in the third quarter of 2016. Gross profit margins were 7.3 % in the third quarter of 2017 compared to 12.3% in the third quarter of 2016. Our concentrate gross profit decreased \$0.2 million due to lower pricing resulting from modifications to our contractual terms with Baxter. Our net drug business costs were approximately \$0.3 million higher than the third quarter of 2016. Our drug business costs in the third quarter included inventory reserves of \$0.7 million for inventory that was expected to be surplus to our requirements.

Gross profit in the first nine months of 2017 was \$4.9 million, an increase of \$0.1 million or 3.4% over the first nine months of 2016. Gross profit margins were 11.6 % compared to 11.9% in the first nine months of 2016. The gross profit increase was primarily due to lower costs of \$0.5 million related to our drug business operations for regulatory fees and value add taxes paid in connection with our execution of the Wanbang license agreement and partially offset by inventory reserves for surplus product. The increase in gross profit was partially offset by lower gross profit on the concentrate business of \$0.4 million.

### **Selling, General and Administrative Expense**

Selling, general and administrative expense during the third quarter of 2017 was \$4.8 million compared to \$5.1 million in the third quarter of 2016. The \$0.3 million expense decrease was primarily due to lower equity compensation expenses of \$0.9 million which was partially offset by higher legal costs, expenses related to shareholder activist activities and the contested 2017 annual meeting of \$0.5 million.

Selling, general and administrative expense during the first nine months of 2017 was \$17.4 million compared to \$15.1 million in the first nine months of 2016. The \$2.3 million increase was primarily due to higher legal and professional costs relating to pending litigation, the Settlement with Baxter and the contested 2017 annual meeting. Equity compensation costs decreased by \$1.8 million compared to the first nine months of 2016, partially offset by higher compensation and benefit costs of \$0.5 million. Marketing costs for Triferic increased \$0.4 million compared to the first nine months of 2016.

### **Research and Product Development Expense**

We incurred product development and research costs related to the commercial development, patent approval and regulatory approval of new products, primarily Triferic, aggregating approximately \$1.3 million and \$1.3 million in the third quarter of 2017 and 2016, respectively. Research and product development costs incurred in the first nine months of 2017 and 2016 were \$4.2 million and \$4.6 million, respectively, and were largely related to Triferic testing and development costs for use in other clinical indications and delivery presentations.

### **Interest and Investment Income, Net**

Our net interest and investment income in the third quarter of 2017 was \$0.2 million less than the third quarter of 2016 due to the repositioning of holdings in our short term bond portfolio in response to market changes. For the first nine months of 2017, we incurred a loss of \$0.2 million compared to interest income of \$0.6 million in the first nine months of 2016.

### **Income Tax Expense**

We recognized no income tax expense in the third quarter of 2017 or 2016. We recognized no income tax expense in the first nine months of 2017 compared to approximately \$0.4 million in income tax expense in the first nine months of 2016, which pertained to foreign income taxes paid related to license payments received under the Wanbang license agreement.

### **Liquidity and Capital Resources**

We believe we have adequate capital resources and liquidity to pursue our business strategy. In addition to operating our concentrate business, our strategy is centered on developing, marketing and licensing high potential drug products including Triferic.

As of September 30, 2017, we had current assets of \$61.2 million and net working capital of \$53.6 million. We have approximately \$38.9 million in cash and investments as of September 30, 2017. Our uses of cash have primarily been for research and product development, investments in inventory to support our drug product launches and for operating expenses. Cash used in operating activities was \$16.3 million in the first nine months of 2017, which included research and development expenses of \$4.2 million and an increase of \$2.4 million in inventory levels. We increased our Triferic inventory over the last year in preparation for commercializing Triferic and believe we have adequate inventory to meet anticipated requirements. We have classified \$1.5 million of Triferic's active pharmaceutical ingredient as non-current inventory as of September 30, 2017 based on expected Triferic demand and production plans during 2018. The amount of non-current API inventory declined from the second quarter of 2017 primarily as a result of the conversion of API into finished goods during the third quarter.

We anticipate that we will increase our accounts receivable as we increase our drug product sales and we may also increase inventories to a more modest degree as we commercialize Triferic and Calcitriol. We also expect to continue investing in research and product development, such as clinical testing in connection with peritoneal dialysis, an orphan drug indication, pediatric indications and certain other indications, as we work to expand potential uses for Triferic. Future spending on such indications is expected to be minor in relation to the Company's cash resources. We believe that we have adequate capital resources to make these investments in accounts receivable, inventory and research and product development. We expect to generate positive cash flow from operations when our drug products generate substantial sales.

We have no long term debt as of September 30, 2017 and do not expect to incur interest expense in 2017. Capital expenditures on our current facilities are not expected to materially exceed depreciation expense. Our capital expenditures were \$0.7 million in the first nine months of 2017 compared to \$0.3 million in the first nine months of 2016. We paid \$2.3 million in withholding taxes in connection with restricted stock that vested in 2017 and for which we received common shares to be retired from the holders in accordance with the terms of the grants.

The Company is in discussions with multiple potential business development partners to out-license rights to Rockwell's drug products outside the United States. Such licensing arrangements often include upfront fees, developmental milestone payments and royalties. If such licensing arrangements are negotiated for certain markets, we may receive such consideration in the future in addition to that which we are already entitled to receive under existing agreements. We are also considering other business development arrangements including joint ventures, partnerships and other transactions related to our products or other future products that we may develop or license.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Interest Rate Risk**

We have invested \$35.0 million in available for sale securities that are invested in short term bonds and short term bond funds which typically yield higher returns than the interest realized in money market funds. While these bonds and bond funds hold bonds of short duration, their market value is affected by changes in interest rates. Increases in interest rates will reduce the market value of bonds held and we may incur unrealized losses from the reduction in market value of the bonds. If we sell some or all of our positions, those unrealized losses may result in realized losses which may or may not exceed the interest and dividends earned from those funds. However, due to the short duration of our portfolio of holdings, we do not believe that a hypothetical 100 basis point increase or decrease in interest rates will have a material impact on the value of our investments.

#### **Foreign Currency Exchange Rate Risk**

Our international business is conducted in U.S. dollars. It has not been our practice to hedge the risk of appreciation of the U.S. dollar against the predominant currencies of our trading partners. We have no significant foreign currency exposure to foreign supplied materials, and an immediate 10% strengthening or weakening of the U.S. dollar would not have a material impact on our shareholders' equity or net income.

### **Item 4. Controls and Procedures**

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

Management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rule 13a-15 of the Securities Exchange Act of 1934, as amended, that are designed to ensure that material information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required financial disclosure. In designing and evaluating the disclosure controls and procedures, we recognized that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the period covered by this report.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15 under the Exchange Act) during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

#### **Richmond/Ravich Litigation**

On March 8, 2017, Rockwell filed suit in the United States District Court for the Eastern District of Michigan against Richmond Brothers, Inc. and certain related entities, David S. Richmond, Mark H. Ravich and certain related trusts, and Matthew J. Curfman ("Richmond/Ravich Defendants"), and three individual Rockwell shareholders: Jay F. Joliat, Chris

Paxos, and David Hagelstein (together with the “Richmond/Ravich Defendants,” the “Rockwell Shareholders”). Since then, Rockwell voluntarily dismissed its claims against two of the individual shareholders, Chris Paxos and David Hagelstein. Rockwell’s complaint alleges that the Rockwell Shareholders failed to timely file a Schedule 13D and that a Schedule 13G and Schedules 13D filed by the Richmond/Ravich Defendants contained various material misstatements and omissions, in violation of Section 13(d) of the Securities Exchange Act of 1934 (the “Exchange Act”), as amended, and the rules promulgated thereunder by the Securities and Exchange Commission. The complaint seeks declaratory and injunctive relief relating to these alleged violations, including requiring the Rockwell Shareholders to file new or amended Schedules 13D disclosing the proper date of their shareholder group’s formation and providing accurate information about the group’s membership and activities, and issuing a declaratory judgment finding that the Rockwell Shareholders violated Section 13(d) of the Exchange Act.

On June 28, 2017, the Court denied the Richmond/Ravich Defendants’ motion to dismiss this case, in which Defendant Jay F. Joliat had joined. On August 24, 2017, the Richmond/Ravich Defendants answered the Complaint, and Defendant Mark H. Ravich asserted counterclaims against Rockwell alleging that he was denied access to corporate books, not properly notified of a Board of Directors meeting, and that certain settlement agreements with Baxter Healthcare Corporation (“Baxter”) and former Defendant David Hagelstein violate Michigan law. Defendant Ravich also asserted claims against Baxter and Mr. Hagelstein as third party “relief” defendants. On September 19, 2017, Rockwell moved for leave to amend the Complaint to add allegations regarding misstatements in the Richmond/Ravich Defendants’ Schedule 13(d) concerning the voting power of Richmond Brothers, Inc. and Mr. Richmond. The Richmond/Ravich Defendants have opposed this Motion. On September 28, 2017, Rockwell moved to dismiss Counts II-IV of Defendant Ravich’s Counterclaims. The hearing on Rockwell’s Motion to Dismiss is scheduled for December 13, 2017. The parties are currently engaged in discovery, with the trial in this case set for July 2018.

### **Other Proceedings**

We are involved in certain other legal proceedings from time to time before various courts and governmental agencies. We cannot predict the final disposition of such proceedings. We regularly review legal matters and record provisions for claims that are considered probable of loss. The resolution of these pending proceedings is not expected to have a material effect on our operations or consolidated financial statements in the period in which they are resolved.

### **Item 1A. Risk Factors**

The Company has determined that its Triferic patent expiring in 2029 provides sufficient protection of the Company’s interest in Triferic and that it is in the Company’s best interest to no longer pursue an extension under the Hatch-Waxman Act of the earlier Triferic patents as to which it has a license. As a result, the Company has withdrawn its election under the Hatch-Waxman Act and those patents have now expired. In light of these actions, the risk factor entitled “If we do not obtain protection under the Hatch-Waxman Act to extend patent protection for Triferic, our drug business may not reach its full potential.” is no longer a material risk. In addition, as set forth below, the Company has expanded the risk factor entitled “Defending our intellectual property rights could be expensive, we may not always be successful in protecting our exclusive rights and we could be prevented from selling products, forced to pay damages and compelled to defend against litigation if we infringe the rights of a third party.”

***Defending our proprietary rights could be expensive, we may not always be successful in protecting our intellectual property, licenses and other proprietary rights and we could be prevented from selling products, forced to pay royalties and damages and compelled to defend against litigation if we infringe the rights of a third party.***

Our success, competitive position and future revenues, particularly with respect to our drug products, will depend in part on our ability to obtain and maintain proprietary protection for our products, methods, processes and other technologies, to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties. There can be no assurance that these protections will prove commercially valuable.

We could incur substantial costs in seeking enforcement of our proprietary rights, and we cannot guarantee that we will prevail in any legal action seeking enforcement or that such rights will successfully preclude others from using technology that we rely upon. It is possible that we may infringe on proprietary rights of others, even if we are not aware

of the infringement or believe our rights are otherwise valid. If a third party believes that one of our products infringes on the third party's rights, it may sue us even if we have received our own patent protection for the technology or otherwise believe we have valid proprietary rights. If we are found by a court to have infringed the rights of a third party, we could be prevented from manufacturing and selling products, forced to pay royalties and damages, compelled to license technology from the party claiming infringement and lose the opportunity to license our technology to others and collect royalty payments, any of which could have a material adverse effect on our business. In addition, if Baxter is prevented from selling any of our concentrate or ancillary products due to a patent infringement or if its ability to sell any of our concentrate or ancillary products due to a patent infringement is materially and adversely affected, Baxter may be entitled to terminate our Distribution Agreement and obtain a refund of a portion of the upfront fee and facility fee.

Other than the foregoing, there have been no material changes to the risk factors set forth in our quarterly report for the period ended June 30, 2017 under "Part II - Item 1A — Risk Factors", which amended and restated the risk factors in "Item 1A Risk Factors" of our Form 10-K for the year ended December 31, 2016.

## Item 6. Exhibits

The following documents are filed as part of this report or were previously filed and incorporated herein by reference to the filing indicated. Exhibits not required for this report have been omitted. Our Commission file number is 000-23661.

<u>Exhibit No.</u>	<u>Description</u>
10.70	<a href="#">Form of Director and Officer Indemnification Agreement September 2017</a>
10.71	<a href="#">Stock Appreciation Right Agreement, dated September 5, 2017, between the Company and John G. Cooper.</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>
32.1	<a href="#">Certification pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act of 1934</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Database
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROCKWELL MEDICAL, INC.  
(Registrant)

Date: November 8, 2017

/s/ ROBERT L. CHIOINI  
Robert L. Chioini  
President and Chief Executive Officer  
(principal executive officer) (duly authorized officer)

Date: November 8, 2017

/s/ THOMAS E. KLEMA  
Thomas E. Klema  
Vice President and Chief Financial Officer  
(principal financial officer and principal accounting officer)

## Rockwell Medical, Inc.

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (“Agreement”) is made as of [ ] by and Rockwell Medical, Inc., a Michigan corporation (the “Company”), and [ ] (“Indemnitee”).

**RECITALS**

WHEREAS, Indemnitee is [currently/about to become] a director and/or officer of the Company;

WHEREAS, the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with adequate protection against these risks;

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that enhancing the ability of the Company to retain and attract highly competent persons as directors and officers is in the best interests of the Company and that the Company should therefore seek to assure such persons that indemnification is and will be available;

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee’s [continued] service as a director and/or officer of the Company and to enhance Indemnitee’s ability to serve the Company in an effective manner, the Board has determined that it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance Expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws of the Company, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services to the Company. Indemnitee agrees to serve, or to continue to serve, as a director or officer of the Company or, at the request of the Company, as a director, officer, employee, agent or fiduciary of an Other Enterprise for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is no longer serving in such capacity. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company or any Other Enterprise and Indemnitee. If Indemnitee is an employee of the Company, Indemnitee specifically acknowledges that Indemnitee’s employment with the Company or an Other Enterprise, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company or any Other Enterprise. If Indemnitee is a director, Indemnitee specifically acknowledges that the Indemnitee’s service as a director to the Company or any Other Enterprise is subject to termination as provided in the Company’s Articles of Incorporation, Bylaws and the Business Corporation Act of the state of Michigan (“MBCA”).

2. Indemnification.

(a) Mandatory Indemnification. Except as limited by Section 9, the Company shall indemnify Indemnitee from and against all Expenses and Liabilities with respect to Proceedings to which Indemnitee may be subject by reason of Indemnitee’s Official Capacity to the fullest extent authorized or permitted by the MBCA and applicable law, as currently in effect (subject to Section 4). Indemnitee shall be conclusively presumed to be

entitled to indemnification pursuant to this Agreement unless a final and nonappealable determination has been made by a court of competent jurisdiction that Indemnatee is not entitled to indemnification. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not create a presumption or be used as evidence that Indemnatee did not meet any particular standard of conduct or that a court has determined that indemnification is not permitted hereunder or by applicable law.

(b) Mandatory Payment of Expenses. Notwithstanding any other provision in this Agreement to the contrary, to the extent that Indemnatee is the subject of a Proceeding by reason of or in any way related to Indemnatee's Official Capacity and has been successful in the defense of (i) the entire Proceeding, or (ii) one or more claims brought as part of the Proceeding, Indemnatee shall be indemnified by the Company against all Expenses incurred by Indemnatee with respect to the Proceeding or the particular claims, as the case may be.

(c) Acknowledgement. The Company and Indemnatee acknowledge that in certain instances, state or federal law or applicable public policy may prohibit the Company from indemnifying Indemnatee with respect to a Proceeding or one or more claims in a Proceeding under this Agreement or otherwise, including the circumstances described in Section 9. Indemnatee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnatee.

### 3. Expenses; Indemnification Procedure.

(a) Advancement of Expenses. The Company shall advance all Expenses incurred by Indemnatee in connection with the investigation, defense, settlement or appeal of any Proceeding, and in connection with any Proceeding to enforce Indemnatee's rights under this Agreement. Indemnatee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined by a final nonappealable adjudication of a court or administrative agency having jurisdiction in the matter that Indemnatee is not entitled to be indemnified by the Company with respect to all or a portion of the advanced Expenses. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnatee's ability to repay the Expenses and without regard to Indemnatee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnatee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnatee undertakes to repay the advance to the extent that it is ultimately determined that Indemnatee is not entitled to be indemnified by the Company. This Section 3(a) shall not apply to any claim made by Indemnatee for which indemnity is excluded pursuant to Section 9 or to any Proceeding for which the Company has assumed the defense thereof in accordance with the terms of this Agreement.

(b) Notice by Indemnatee. Indemnatee shall notify the Company in writing in accordance with the provisions of Section 16 hereof of any matter with respect to which Indemnatee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnatee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnatee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnatee and is reasonably necessary to determine whether and to what extent Indemnatee is entitled to indemnification following the final disposition of such Proceeding. Except to the extent such failure to provide notice or delay in providing notice materially prejudices the Company, the failure by Indemnatee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnatee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnatee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnatee has requested indemnification.

(c) Procedure. Any indemnification and advances provided for in Section 2 and this Section 3 shall be made no later than thirty (30) days after the Company's receipt of the written request of Indemnatee and reasonable

documentation of any Expense or Liability for which indemnity is sought. If a claim under this Agreement, under any statute, or under any provision of the Company's Articles of Incorporation or Bylaws providing for indemnification, is not paid in full by the Company within thirty (30) days after a written request for payment thereof has first been received by the Company, Indemnitee may, but need not, at any time thereafter commence a Proceeding to recover the unpaid amount of the claim pursuant to Section 6. It shall be a defense to any such action (other than an action brought to enforce a claim for Expenses incurred in connection with any Proceeding in advance of its final disposition) that Indemnitee has not met any applicable standard of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. However, Indemnitee shall be entitled to receive interim payments of Expenses pursuant to Section 3(a) unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists.

(d) Notice to Insurers. If, at the time of the receipt of a notice of a claim pursuant to Section 3(b) hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(e) Selection of Counsel. In the event the Company shall be obligated under Section 3(a) hereof to pay the Expenses of any Proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice and the retention of counsel reasonably acceptable to Indemnitee, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim, provided that (i) Indemnitee shall have the right to employ his or her own counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the Expenses of Indemnitee's counsel shall be at the expense of the Company.

(f) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding or Permitted Action affected without the Company's prior written consent, which consent shall be determined by majority vote of the Company's directors, excluding Indemnitee. The Company shall not settle any action or claim in any manner which would impose any Expense or Liability on Indemnitee without Indemnitee's prior written consent. Neither the Company nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

#### 4. Additional Indemnification Rights; Nonexclusivity; Contribution.

(a) Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Articles of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Michigan corporation to indemnify a member of its board of directors, an officer or an employee, such changes shall be, *ipso facto*, within the purview of Indemnitee's rights and Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Michigan corporation to indemnify a member of its board of directors, an officer or an employee, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) Nonexclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Articles of Incorporation, its Bylaws, any agreement, any vote of shareholders or disinterested directors, the MBCA, or otherwise, both as to action in Indemnitee's Official Capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any Proceeding.

(c) Contribution. (i) Whether or not the indemnification provided in this Agreement is available, in respect of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such Proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(ii) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company other than Indemnitee, who may be jointly liable with Indemnitee.

(iii) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for Liabilities and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (A) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (B) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses and Liabilities actually incurred by him or her in the investigation, defense, appeal or settlement of any Proceeding but not the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses and Liabilities to which Indemnitee is entitled.

6. Enforcement of this Agreement by Indemnitee. To the fullest extent permitted by law, Indemnitee shall have the right to institute a Proceeding to enforce and/or recover damages for breach of the rights of indemnification and advancement of Expenses provided in this Agreement, the Company's Articles of Incorporation and Bylaws, and applicable law and such Proceeding. The burden of proving that indemnification or advancement of Expenses are not appropriate shall be on the Company. Neither the failure of the Company to make a determination of the appropriateness of indemnification nor a determination by the Company that indemnification is not appropriate shall be a defense to the action. The Indemnitee's Expenses incurred in connection with successfully establishing his or her right to indemnification or advancement of Expenses, in whole or in part, in any such Proceeding shall also be paid by the Company, subject to Section 9.

7. Officer and Director Liability Insurance. As long as Indemnitee serves in an Official Capacity and thereafter for so long as Indemnitee shall be subject to any possible Proceeding related to Indemnitee's Official Capacity, the Company shall, at its sole expense, obtain and maintain a policy or policies of insurance with reputable insurance companies providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policy of director and officer liability insurance. In all policies of director and officer liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. Notwithstanding the foregoing, the Company shall have no obligation under this Agreement to obtain or maintain insurance that is substantially comparable to the current policy if such insurance is not available or, in the reasonable good faith judgment of two-thirds of the members of the Board, after consultation with independent legal counsel or other advisors experience in the subject matter, the premium cost for such insurance is substantially disproportionate to the benefits of the coverage provided, or if Indemnitee is covered by similar insurance maintained by any Other Enterprise.

8. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 8. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify

Indemnatee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

9. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to:

(a) Claims Initiated by Indemnatee. Indemnify or advance Expenses to Indemnatee with respect to Proceedings initiated or brought voluntarily by Indemnatee and not by way of defense, except with respect to Permitted Actions (unless a court of competent jurisdiction determines that each of the material assertions made by the Indemnatee in such Permitted Action was not made in good faith or was frivolous); or

(b) Duplicate Payments. Indemnify or advance Expenses to Indemnatee which have been paid directly to Indemnatee by an insurance carrier under a policy of officers' and directors' liability insurance or by any other party pursuant to any other obligation to indemnify Indemnatee or otherwise; or

(d) Claims Under Section 16(b). Indemnify or advance Expenses to Indemnatee for Proceedings arising from the purchase and sale by Indemnatee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute; or

(e) Impermissible Indemnification. Indemnify Indemnatee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law; or

(f) Recoupment or Clawback. Indemnify or advance Expenses or amounts owed by Indemnatee to the Company pursuant to any obligation of Indemnatee to reimburse the Company in connection with any clawback or recoupment policy maintained by the Company or recoupment or clawback obligation imposed by applicable law; or

(g) Liability to Company. Indemnify Indemnatee if Indemnatee shall have been finally adjudged to be liable to the Company unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnatee is fairly and reasonably entitled to indemnity for such Expenses and Liabilities which such court shall deem proper.

10. Reliance; Non-Attribution.

(a) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnatee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or the Board. The provisions of this Section 10(a) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met any applicable standard of conduct.

(b) The knowledge, actions or inactions of any director, officer, agent or employee of the Company shall not be imputed to Indemnatee for purposes of determining the right to indemnification or advancement of Expenses under this Agreement.

11. Intentions. The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any Proceeding commenced relating to this Agreement that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that the Indemnatee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnatee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnatee hereunder.

## 12. Definitions and Construction.

(a) For purposes of this Agreement, the following definitions shall apply to the referenced words or terms:

(i) "Company" shall mean Rockwell Medical, Inc. and shall also include any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger with Rockwell Medical, Inc. which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(ii) "Expenses" shall mean all direct and indirect costs (including attorneys' fees, related disbursements, court costs, transcript costs, expert witness and advisory fees and disbursements, and other out of pocket costs customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in a Proceeding) actually and reasonably incurred or to be incurred in connection with (A) the investigation, defense or appeal of a Proceeding, including related bonds, (B) serving as an actual or prospective witness in any matter arising out of or related to Indemnitee's Official Capacity, (C) any interviews or depositions with respect to any matter arising out of or related to Indemnitee's Official Capacity, and (D) any Permitted Action brought against the Company by Indemnitee directly, or by means of impleader, cross complaint, counterclaim or other Proceeding, but does not include Liabilities.

(iii) "Liabilities" shall include judgments, penalties, fines (include any excise taxes assessed on Indemnitee with respect to an employee benefit plan), damages of any kind, excise taxes and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually incurred by Indemnitee in connection with a Proceeding.

(iv) "Official Capacity" shall mean Indemnitee's service as a director, officer, employee or agent of the Company, or service at the request of the Company with any Other Enterprise, including service as a director, officer, employee, manager, trustee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(v) "Other Enterprise" shall mean another corporation, partnership, limited liability company, joint venture, trust or other enterprise or employee benefit plans controlled by the Company with respect to which Indemnitee was serving at the Company's request as a director, officer, employee, agent or fiduciary;

(vi) "Permitted Action" shall mean (i) any Proceeding against the Company brought by Indemnitee, alone or with others, in connection with, or related to, the defense by Indemnitee of any Proceeding brought against Indemnitee by a third party, the Company, or any Other Enterprise (or brought on behalf of the Company, including by means of a derivative action), whether by a separately initiated Proceeding, or impleader, cross-claim, counterclaim, or otherwise; (ii) a Proceeding brought by Indemnitee to establish or enforce a right of indemnity under this Agreement, an applicable director and officer liability insurance policy, the Company's Articles of Incorporation or Bylaws, or any other agreement or law pertaining to indemnification of Indemnitee; (iii) a Proceeding against the Company or any Other Enterprise brought by Indemnitee which is approved in advance by a majority of the Company's independent directors, excluding Indemnitee; and (iv) a Proceeding brought by Indemnitee which is required under any law; provided that with respect to (i) through (iv) above, any of the identified actions shall be considered a Permitted Action regardless of whether Indemnitee is ultimately determined to be entitled to the relief sought.

(vii) "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, interview, administrative hearing or any other actual, threatened or completed proceeding, and whether of a civil, criminal, administrative, legislative, or investigative nature, formal or informal, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was acting in his or

her Official Capacity, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(b) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be understood to be followed by the words “without limitation.”

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

14. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of Indemnitee and Indemnitee’s estate, heirs, legal representatives and assigns. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, provided that, for purposes of this Section 14, a sale of the Company’s concentrate business shall not be considered a sale of all or substantially all of the business or assets of the Company.

15. Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt, (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked, or (iii) mailed by reputable overnight courier and receipted for by the party addressee, on the date of such receipt. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Consent to Jurisdiction. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any Proceeding arising out of or in connection with this Agreement shall be brought only in the courts of the State of Michigan (or, if the courts of the State of Michigan do not have jurisdiction, the U.S. District Court for the Eastern District of Michigan) (a “Michigan Court”) and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of a Michigan Court for purposes of any Proceeding arising out of or in connection with this Agreement, (c) appoint, to the extent such party is not otherwise subject to service of process in the State of Michigan, [AGENT FOR SERVICE OF PROCESS], [ADDRESS], [CITY], Michigan [ZIP CODE] as its agent in the State of Michigan for acceptance of legal process in connection with any such Proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Michigan and (d) waive, and agree not to plead or make, any claim that a Michigan Court lacks venue or that any such Proceeding brought in a Michigan Court has been brought in an improper or inconvenient forum.

18. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Michigan, without regard to the conflict of law principles thereof.

19. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company or any Other Enterprise and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Proceeding (including any rights of appeal thereto) and (ii) throughout the pendency of any Permitted Action, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Proceeding or Permitted Action.

20. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that maybe necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

21. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by both the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the date first above written.

ROCKWELL MEDICAL, INC.

INDEMNITEE

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:

Address:  
30142 Wixom Road  
Wixom, MI 48393  
Attention: Thomas E. Klema

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STOCK APPRECIATION RIGHT AGREEMENT

THIS AGREEMENT, dated as of September 5, 2017 (the “Grant Date”), is made by and between Rockwell Medical, Inc., a Michigan corporation (the “Company”), and the individual whose name is set forth on the signature page hereof, who has been appointed by the Company’s Board of Directors (the “Board”) to serve as a non-employee director of the Company (the “Director”).

WHEREAS, the Board has determined that it would be in the best interests of the Company and its shareholders to grant the stock appreciation rights (the “SARs”) provided for herein to Director to induce Director to become a member of the Board, has approved the grant of the SARs on the Grant Date and has advised the Company thereof and instructed the undersigned officer to issue said SARs and;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE I

1.1. Grant of SARs. For good and valuable consideration, on and as of the date hereof, the Company hereby grants to Director an aggregate of 23,000 SARs with an exercise price of \$6.45 per SAR (the “Exercise Price”) without commission or other charge, upon the terms and conditions set forth in this Agreement. Each SAR entitles Director to receive, upon exercise, an amount payable in cash equal to the excess of (a) the reported closing price of one share of the Company’s common stock (the “Common Stock”) on the Nasdaq Stock Market on the date of exercise (or if the Common Stock is not then listed for trading on a stock exchange, the fair market value per share of the Common Stock on such date as determined in good faith by the Board), over (b) the Exercise Price (the “Appreciation Value”). No shares of Common Stock shall be issued upon exercise of an SAR.

## ARTICLE II

2.1. Adjustments to SARs. In the event of a merger, statutory share exchange, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Common Stock or the value thereof, such adjustments and other substitutions shall be made to the SARs as the Board, in its sole discretion, deems equitable or appropriate, including adjustments in the aggregate number of SARs and the exercise price of the SARs subject to this Agreement.

## ARTICLE III

3.1. Exercisability of SARs. So long as the Director continues to be a member of the Board, the SARs shall become exercisable in full upon the earliest to occur of (i) the date on which the Company reports quarterly net sales if net sales for the four consecutive calendar

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quarters including the quarter then being reported total at least \$100,000,000, (ii) the date on which the market capitalization of the Company (based on the reported closing price of the Common Stock on the Nasdaq Stock Market and the total number of shares of the Common Stock issued and outstanding) has been greater than \$600,000,000 for ten consecutive trading days, (iii) the one year anniversary of the date the Centers for Medicare & Medicaid Services assign the Company transitional add on reimbursement payment status for the drug product, Triferic®, or (iv) immediately prior to a Change in Control (as defined in Section 5.6) (the earliest to occur of (i), (ii), (iii) or (iv) being referred to as the “Vesting Date”). Notwithstanding the foregoing, if the Vesting Date occurs other than pursuant to clause (iv) above and occurs during a trading blackout period under the Company’s insider trading policy as then in effect, the Vesting Date shall instead be the second day after such trading blackout period is no longer in effect. In the event of a Vesting Date occurring as a result of clause (iv), the SARs shall be deemed exercised in full on the Vesting Date.

3.2 Expiration of SARs. The SARs may not be exercised after the first to occur of the following events but shall in no event be exercisable after the tenth anniversary of the Grant Date:

(a) If, prior to the date when the SARs first becomes exercisable, Director ceases to be a member of the Board for any reason, Director’s right to exercise the SARs shall terminate and all rights thereunder shall cease;

(b) If, on or after the date when the SARs first becomes exercisable, Director ceases to be a member of the Board for any reason other than death or Disability (as defined in Section 5.6), Director shall have the right, within three months after termination of service on the Board to exercise the SARs to the extent that they were exercisable on the date of Director’s termination, subject to any other limitation on the exercise of the SARs in effect on the date of exercise; or

(c) If Director ceases to be a member of the Board due to death or Disability, Director or the person or persons to whom the SARs shall have been transferred by will or the laws of descent and distribution shall have the right until the tenth anniversary of the Grant Date to exercise the SARs to the extent that it was exercisable and unexercised on the Director’s date of death or Disability, subject to any other limitation on exercise in effect on the date of exercise.

3.3 Board Discretion. The Board, at the time of Director’s termination, may accelerate Director’s right to exercise the SARs or, subject to Section 409A of the Internal Revenue Code, may extend the SARs term (but not past the tenth anniversary of the Grant Date).

#### ARTICLE IV

4.1 Person Eligible to Exercise. During the lifetime of Director, only Director may exercise the SARs or any portion thereof. After the death of Director, any exercisable portion of the SARs may, prior to the time when the SARs becomes unexercisable under Sections 3.1 or 3.2, be exercised by his personal representative or by any person empowered to do so under Director’s will or under the then applicable laws of descent and distribution.

4.2 Partial Exercise. Any exercisable portion of the SARs or all of the unexercised SARs, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the SARs or portion thereof becomes unexercisable under Sections 3.1 or 3.2 of this Agreement.

4.3 Election to Exercise. To exercise the SARs, Director (or after Director's death, his personal representative) must deliver to the Company a written notice (which may include an email) to the Company's Chief Financial Officer which sets forth the number of SARs being exercised, together with any other documents as the Company may require. Each such notice must satisfy whatever procedures the Company establishes with respect to the SARs and contain any representations required by the Company. The SARs shall be deemed to be exercised to the extent provided in the notice on the business day that the Company receives a fully executed exercise notice. If the notice is received after 5:00 p.m. on any business day, or is received on a day on which the Common Stock is not traded on the Nasdaq Stock Market, the notice will be deemed received and the SARs exercised on the next day on which the Common Stock is traded on the Nasdaq Stock Market.

4.4 Settlement of SARs. Upon exercise, Director shall be entitled to payment in cash of the Appreciation Value of the SARs being exercised, less any amounts withheld pursuant to Section 4.6. The Company shall not be liable to the Director for damages or interest relating to any delay in issuing payment.

4.5 Rights as Shareholder. The holder of the SARs shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any SARs granted pursuant hereto.

4.6 Withholding. To the extent applicable, the Company shall have the right to withhold from the amount payable in settlement sufficient funds to satisfy any applicable withholding tax obligations upon the exercise of SARs. The Company shall be authorized to take any such action as may be necessary, in the opinion of the Company's counsel, to satisfy the Company's obligations for payment of such taxes.

#### ARTICLE V

5.1 SARs Not Transferable. Neither the SARs nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Director or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.1 shall not prevent transfers by will or by the applicable laws of descent and distribution following Director's death.

5.2 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to Director shall be addressed to him at the address stated in the Company's records. By a notice given pursuant to this Section 5.2, either party may hereafter designate a different address for

notices to be given to the party. Any notice, which is required to be given to Director, shall, if the Director is then deceased, be given to Director's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 5.2. Any notice shall have been deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or when delivered personally to the Secretary or Director.

5.3 Amendment. Subject to Sections 2.1, 3.3 and 5.7 of this Agreement, this Agreement may be amended only by a writing executed by the parties hereto if such amendment would adversely affect Director. Any such amendment shall specifically state that it is amending this Agreement.

5.4 Governing Law. The laws of the State of Michigan shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.5 No Guarantee of Continuation. Nothing in this Agreement shall confer upon Director any right to continue as a member of the Board.

5.6 Definitions and Interpretations. Whenever the words "include," "includes" or "including" are used, they shall be understood to be followed by the words "without limitation." Section references in the Agreement shall be to Sections of the Agreement unless otherwise noted. As used in this Agreement, the following terms have the meaning described below:

(a) "Change in Control" means the occurrence of any of the following events:

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

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

(iii) If the Company dissolves or liquidates;

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

(v) If any one person, or more than one person acting as a group (as determined in accordance with Code Section 409A and IRS guidance thereunder), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of Common Stock possessing thirty-five (35) percent or more of the total voting power of the Common Stock;

(vi) If a majority of members on the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election (provided that for purposes of this paragraph, the term Company refers solely to the “relevant” Company, as defined in Code Section 409A and IRS guidance issued thereunder), for which no other Company is a majority shareholder; or

(vii) If there is a change in the ownership of a substantial portion of the Company’s assets, which shall occur on the date that any one person, or more than one person acting as a group (within the meaning of Code Section 409A and IRS guidance issued thereunder) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than forty (40) percent of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(b) “Code” means the Internal Revenue Code of 1986, as amended.

(c) “Disability” means total and permanent disability, as defined in Code Section 22(e); provided, however, that for purposes of a Code Section 409A distribution event, “disability” shall be defined under Code Section 409A and IRS guidance issued thereunder.

(d) “IRS” means the United States Internal Revenue Service.

5.7 Code Section 409A. It is intended that the SARs granted pursuant to this Agreement shall be exempt from or in compliance with Code Section 409A, and the provisions of the Agreement shall be construed accordingly. The Board reserves the right to amend the terms of the Agreement if necessary either to exempt the SARs from Code Section 409A or comply with the requirements of Code Section 409A, as applicable. However, in no event shall the Company be responsible for any tax or penalty owed by Director with regard to a payment made hereunder. Notwithstanding anything in the Plan to the contrary, all or part of a payment to Director if Director is determined to constitute a “specified employee” (as defined in Code Section 409A and regulations thereunder) at the time of separation from service, shall be delayed (if then required) under Code Section 409A, and paid in an aggregated lump sum on the first business day following the date that is six months after the date of Director’s separation from service, or the date of Director’s death, if earlier; any remaining payments shall be paid on their regularly scheduled payment dates. For purposes of this Agreement, the terms “separation from service” or “termination” (or variations thereof) shall be synonymous with the meaning given to the term “separation from service” as defined in Code Section 409A and regulations thereunder.

5.8 Unfunded Obligation. Director shall have the status of a general unsecured creditor of the Company. Any amounts payable to Director pursuant to this Agreement shall be unfunded and unsecured obligations for all purposes. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

ROCKWELL MEDICAL, INC.

By: /s/ Robert L. Chioini

Name: Robert L. Chioini

Title: CEO

DIRECTOR:

By: /s/ John G. Cooper

John G. Cooper

## CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Robert L. Chioini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rockwell Medical, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2017

/s/ Robert L. Chioini  
Robert L. Chioini  
President and Chief Executive Officer

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## CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Thomas E. Klema, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rockwell Medical, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2017

/s/ Thomas E. Klema  
Thomas E. Klema  
Vice President and Chief Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Rockwell Medical, Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Robert L. Chioini, Chief Executive Officer of the Company and I, Thomas E. Klema, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 8, 2017

/s/ Robert L. Chioini  
Robert L. Chioini  
President and Chief Executive Officer

Dated: November 8, 2017

/s/ Thomas E. Klema  
Thomas E. Klema  
Vice President and Chief Financial Officer

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