OPTION CARE INC/DE
Form DEF 14A
May 17, 2002

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

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OPTION CARE, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person Filing Proxy Statement, if other than the Registrant)

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100 CORPORATE NORTH
SUITE 212
BANNOCKBURN, ILLINOIS 60015

Dear Stockholder:

You are cordially invited to the Annual Meeting of Stockholders (the "Meeting") of Option Care, Inc. ("Option Care" or the "Company"). The Meeting will be held in the Robert Todd Lincoln Rooms 1 and 2 at The Chicago Club, 81 East Van Buren Street, Chicago, Illinois, on Tuesday, June 4, 2002, at 10:00 a.m., local time.

At the Meeting, you will be asked (a) to consider and vote to elect two directors to hold office for a three-year term, (b) to consider and vote to amend the Company's Amended and Restated Stock Incentive Plan to increase the number of shares available to be issued thereunder from 4,375,000 shares to 5,625,000 shares, (c) to consider and vote to amend the Company's Certificate of Incorporation to (y) increase the number of shares of common stock which the Company is authorized to issue from 30,000,000 to 60,000,000 and (z) increase the number of shares of undesignated preferred stock which the Company is authorized to issue from 5,000,000 to 30,000,000, (d) to ratify the appointment of Ernst & Young, LLP as independent auditors of the Company for the fiscal year 2002 and (e) to transact any other business as may properly come before the Meeting and any adjournment thereto.

Option Care's Board of Directors (the "Board") unanimously recommends that Option Care's stockholders vote FOR all of the nominees for election as directors, FOR approval of the amendment to the Company's Amended and Restated Stock Incentive Plan, FOR approval of the amendments to the Company's Certificate of Incorporation and FOR appointment of Ernst & Young as independent auditors of the Company for the fiscal year 2002.

In the materials accompanying this letter, you will find a Notice of the Meeting, a Proxy Statement relating to the proposals you will be asked to consider and vote upon at the Meeting, and a Proxy Card. The Proxy Statement includes general information regarding Option Care as well as additional information relating to the specific proposals you will be asked to consider and vote upon at the Meeting. Also included with the proxy materials is Option Care's Annual Report to Stockholders.

All stockholders are invited to attend the Meeting in person. However, whether or not you plan to attend the Meeting, please complete, sign and date the Proxy Card enclosed herewith and promptly return it to Option Care in the enclosed envelope we have provided for that purpose. If you attend the Meeting, you may vote in person if you wish, even though you have previously returned your proxy. It is important that your shares be represented and voted at the Meeting.

Sincerely,

Rajat Rai
CEO and President

May 17, 2002

100 CORPORATE NORTH
SUITE 212
BANNOCKBURN, ILLINOIS 60015

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 4, 2002

To the Holders of the Common Stock of
Option Care, Inc.

The Annual Meeting of Stockholders of Option Care, Inc., a Delaware corporation (the "Company"), will be held in the Robert Todd Lincoln Rooms 1 and 2 at The Chicago Club, 81 East Van Buren Street, Chicago, Illinois on June 4, 2002 beginning at 10:00 a.m., local time. The Company's Board of Directors has fixed the close of business on April 26, 2002 as the record date for the determination of stockholders entitled to receive notice of and to vote at the meeting and any adjournments thereof. At the Annual Meeting, you will be asked to consider and vote upon the following:

1. A resolution to elect two directors to hold office for a term of three years or until their successors shall have been duly elected and qualified;

2. A resolution to amend the Company's Amended and Restated Stock Incentive Plan to increase the number of shares available to be issued thereunder from 4,375,000 shares to 5,625,000 shares;

3. Resolutions to amend the Company's Certificate of Incorporation to (a) increase the number of shares of Common Stock, $0.01 par value per share, which the Company is authorized to issue from 30,000,000 to 60,000,000 and (b) increase the number of shares of undesignated Preferred Stock, $0.01 par value per share, which the Company is authorized to issue from 5,000,000 to 30,000,000;

4. A resolution to ratify the appointment of Ernst & Young, LLP as independent auditors of the Company for the fiscal year 2002; and

5. To consider and act upon such other business as may properly come before the meeting and any adjournments thereof.

Each of the matters identified in paragraphs 1 through 5 above are discussed in detail in the Proxy Statement attached to this Notice. We encourage you to read the Proxy Statement carefully.

It is extremely important that you vote your shares at the Annual Meeting. To ensure that your shares are voted at the Annual Meeting please sign, date and return the enclosed proxy card as promptly as possible in the accompanying return envelope, for which no postage is required if mailed in the United States. You may revoke a previously given proxy in the event you change your mind after you return the proxy card to the Company. In addition, the mailing of an executed proxy card will not affect your right to vote in person should you later decide to attend the meeting.

By Order of the Board of Directors.

Joseph P. Bonaccorsi

Senior Vice President, General Counsel and Secretary

May 17, 2002
Bannockburn, Illinois

100 CORPORATE NORTH
SUITE 212
BANNOCKBURN, ILLINOIS 60015

PROXY STATEMENT
ANNUAL STOCKHOLDERS' MEETING
TO BE HELD JUNE 4, 2002

GENERAL

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Option Care, Inc., a Delaware corporation (the "Company"), for use at the Annual Meeting of Stockholders to be held on Tuesday, June 4, 2002, at 10:00 a.m., local time, in the Robert Todd Lincoln Rooms 1 and 2 at The Chicago Club, 81 East Van Buren Street, Chicago, Illinois, and any adjournment thereof.

The Notice of Annual Meeting to which this Proxy Statement is attached lists the matters which the Company intends to propose at the Annual Meeting for approval and these matters are discussed in detail later in this Proxy Statement. Other than the matters listed in the Notice of Annual Meeting and discussed herein, the Board does not currently intend, nor does it know of anyone else who intends, to present any other matter for consideration at the Annual Meeting.

All proxies will be voted in accordance with the instructions contained in the proxy. If no choice is specified, proxies will be voted "FOR" the election of each of the nominees for director proposed by the Board of Directors as set forth in Proposal 1, "FOR" the amendment of the Company's Amended and Restated Stock Incentive Plan as set forth in Proposal 2, "FOR" the amendment of the Company's Certificate of Incorporation as set forth in Proposal 3 and "FOR" the appointment of Ernst & Young, LLP as independent auditors of the Company for the fiscal year 2002 as set forth in Proposal 4. If any other matters properly come before the Annual Meeting, the persons named as proxies in the accompanying Proxy Card will be authorized to vote or otherwise act on these matters using their reasonable judgment and discretion; provided, however, that proxies directing a vote against a proposal may not be voted for a proposal to adjourn the Annual Meeting to permit further solicitation in favor of the original proposal. A stockholder who executes a proxy may revoke it at any time before it is voted by delivering to the Company another proxy bearing a later date, by submitting written notice of such revocation to the Secretary of the Company, or by personally appearing at the Annual Meeting and casting a contrary vote.

The Annual Meeting will be able to consider and vote upon proposals only if at least a majority of the shares entitled to vote at the Annual Meeting are represented at the Annual Meeting in person or by proxy. Assuming the requisite number of shares are represented at the Annual Meeting, each proposal will be voted on separately and the vote required to approve each proposal is described below. A plurality of the votes cast is required for the election of directors, which means that the nominees with the two highest vote totals will be elected as directors. As a result, abstentions and broker "non-votes" do not have an effect on the results of the vote for the election of directors. Approval of the proposal to amend the Company's Amended and Restated Stock Incentive Plan requires the affirmative vote of a majority of the shares of Common Stock represented in person or by proxy at the Annual Meeting. Abstentions and broker "non-votes", therefore, will have the effect of a vote against

the proposed amendment to the Amended and Restated Stock Incentive Plan. Approval of the proposal to amend the Company's Certificate of Incorporation will require the affirmative vote of a majority of the Company's issued and outstanding shares of common stock as of the record date. This proposal will be rejected if at least a majority of the total number of shares of Common Stock issued and outstanding as of the record date do not vote "FOR" the proposal, even if approved by a majority of the shares represented at the Annual Meeting. Abstentions and broker "non-votes," therefore, will have the effect of a vote against the proposals to amend the Company's Certificate of Incorporation.

Each share of Common Stock entitled to vote at the Annual Meeting is entitled to one vote for each of the proposals identified in this proxy statement. The close of business on April 26, 2002 has been fixed as the record date for the determination of the holders of our Common Stock entitled to notice of and to vote at the Annual Meeting. On April 26, 2002, there were 20,489,130 shares of Common Stock outstanding and entitled to vote, subject to adjustment as described in the remainder of this paragraph. This outstanding share number includes 4,093,016 shares of Common Stock which are deemed to be issued and outstanding following a five-for-four stock split which occurred on April 10, 2002. It is possible that during the process of distributing shares of Common Stock to the Company's beneficial holders pursuant to the stock split there may be an immaterial change in the number of shares of Common Stock issued and outstanding as of April 26, 2002. The Notice of Annual Meeting, this Proxy Statement and the Proxy Card enclosed herewith are being mailed to the holders of our Common Stock as of the record date beginning on or about May 17, 2002.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The table below sets forth information regarding the amount of Common Stock beneficially owned, as of April 10, 2002, by (i) each director of the Company, (ii) each nominee for election as a director of the Company, (iii) the executive officers named in the Summary Compensation Table, (iv) all directors and executive officers of the Company as a group and (v) any person who is known by us to beneficially own 5% or more of our Common Stock.

Name and Address(1)	Number of Shares Beneficially Owned(2)	Percent of Outstanding Common Stock Beneficially Owned(3)
James G. Andress	101,875	*
Irwin Halperin	62,190	*
Leo Henikoff, Ph.D.		*
James M. Hussey		*
John N. Kapoor, Ph.D.	7,239,368(4)	34.6%
Kent Kerkhof	5,477	*
Bruce Kutinsky	96,382	*
Dushyant Patel	13,558	*
Rajat Rai	281,386	1.3%
Jerome F. Sheldon	101,875	*
The TCW Group, Inc.(5)	1,242,475	5.9%
Wellington Management Company, LLP.(6)	1,368,625	6.5%
All directors and executive officers as a group (8 persons)	7,914,111	37.9%

* Less than 1%

(1) Except as otherwise indicated, each individual has sole voting and investment power over the shares listed beside his or her name. The address for each person is 100 Corporate North, Suite 212, Bannockburn, Illinois 60015.

(2) The number of shares of Common Stock identified in the table have been adjusted to give pro forma effect to the 5-for-4 stock split which occurred on April 10, 2002. Includes the following shares that such persons and group have the right to acquire currently or within 60 days after April 10, 2002 upon the exercise of stock options: Mr. Andress 71,875 shares; Mr. Halperin 25,000 shares; Mr. Kerkhof-1,562 shares; Mr. Kutinsky 40,625 shares; Mr. Patel 12,500 shares; Mr. Rai 210,936 shares; Mr. Sheldon-71,875 shares; and all directors and executive officers as a group 434,373 shares.

(3) The percentage calculations for beneficial ownership are based upon 20,465,272 shares of Common Stock issued and outstanding as of April 10, 2002 plus, for each person or the group, the number of shares subject to options exercisable currently or within 60 days after April 10, 2002 by such person or group.

(4) Includes 6,306,061 shares owned by E.J. Financial/OCI Management, L.P., of which Dr. Kapoor is the managing general partner, 634,921 shares owned by the Kapoor Family Partnership, L.P., of which Dr. Kapoor is the sole general partner, and 298,386 shares owned by the John N. Kapoor Trust dated September 20, 1989, of which Dr. Kapoor is the sole trustee and sole current beneficiary.

(5) The TCW Group, Inc. claims shared dispositive power and shared voting power of 1,242,475 shares of Option Care Common Stock indirectly through three subsidiaries. This share amount information was taken from TCW Group's Schedule 13G, dated February 13, 2002, and has been adjusted to take into account the pro forma effect of the 5-for-4 stock split which occurred on April 10, 2002.

(6) Wellington Management Company LLP claims shared dispositive power of 1,368,625 shares of Option Care Common Stock indirectly through a wholly-owned subsidiary and claims shared voting power of 1,083,125 shares of common stock held by or on behalf of its institutional clients. This share amount information was taken from Wellington Management's Schedule 13G, dated February 12, 2002, and has been adjusted to take into account the pro forma effect of the 5-for-4 stock split which occurred on April 10, 2002.

PROPOSAL 1. ELECTION OF DIRECTORS
(Proposal 1 on the Proxy Card)

In accordance with the Company's By-laws, the size of the Board of Directors has been fixed at six members. The Board of Directors is divided into three classes with each class having two directors. Every year one class, or two of the six directors, is elected to a three year term. In November 2000, Roger Stone retired after ten years of service on the Board of Directors. The vacancy created by Mr. Stone's resignation was filled by the appointment of Rajat Rai to the Board of Directors. Mr. Rai shall serve as a director of the Company for the remainder of Mr. Stone's term, which was set to expire in 2003.

This year, the Board of Directors has selected James G. Andress and Leo Henikoff as its nominees for election to a three year term as directors of the Company. Both of Messrs. Andress and Henikoff currently serve as directors of the Company. Mr. Andress was first elected to the Company's Board of Directors in 1991 and Mr. Henikoff became a director in November 2001 when he was appointed by the Board of Directors to fill a vacancy which had existed since June 2000 when Michael A. Rusnak retired after two and one-half years of service on the Board of Directors. A more detailed description of the qualifications and experience of the nominees for election as directors appears below.

The Company believes the above-named nominees for election will be available to serve as directors. However, if prior to the Annual Meeting the Board of Directors makes a good faith determination that either or both of the above-named nominees is unable or unwilling to serve as a

director, any proxy marked "FOR" this proposal will be voted for a substitute nominee selected by the Board of Directors.

INFORMATION CONCERNING OFFICERS AND DIRECTORS

Officers and Directors

The following table identifies and provides information concerning each of the nominees for election, each continuing director and each executive officer of the Company as of April 10, 2002. Immediately following the table is a more detailed description of these individuals' qualifications and experience.

Name	Age	Positions or Offices with the Company	Served as Director or Officer Continuously Since
NOMINEES FOR TERMS ENDING IN 2005			

Name	Age	Positions or Offices with the Company	Served as Director or Officer Continuously Since
James G. Andress	63	Director	1991
Leo Henikoff	63	Director	2001
DIRECTORS WITH TERMS ENDING IN 2003			
John N. Kapoor Ph.D	58	Chairman of the Board of Directors	1990
Rajat Rai	35	Director, Chief Executive Officer and President	2001
DIRECTORS WITH TERMS ENDING IN 2004			
Jerome F. Sheldon	67	Director	1991
James M. Hussey	43	Director	1999
EXECUTIVE OFFICERS			
Joseph Bonaccorsi	37	Senior Vice President, Secretary and General Counsel	2002
Paul Mastrapa	37	Senior Vice President and Chief Financial Officer	2002
Irwin Halperin	45	Senior Vice President, Sales	2001
Kent Kerkhof	52	Senior Vice President, Franchise & Network Development	2000
Bruce Kutinsky	36	Chief Operating Officer	2000
Dushyant Patel	43	Senior Vice President, Business Development	2000

The following are brief summaries of the business experience of each of the nominees for election as a director of the Company, each of the other directors of the Company whose terms of office as directors will continue after the Annual Meeting and each of the executive officers of the Company.

Nominees

James G. Andress has been a member of the Company's Board of Directors since November 1991. Mr. Andress served as Chairman and Chief Executive Officer of Warner-Chilcott, PLC, a pharmaceutical company, from November 1996 until his retirement in October 2000. From May 1990 until September 1995, Mr. Andress served as Chief Executive Officer of Information Resources, Inc. (NASDAQ:IRIC), a software and information services company, and served as President and Chief Operating Officer of such company from March 1994 to September 1995. He currently serves as a director of the following companies: Information Resources, Inc. (NASDAQ:IRIC); Allstate Corporation (NYSE:ALL); Sepracor, Inc.; and XOMA Corp. (NASDAQ:XOMA).

Leo Henikoff, Ph.D., was appointed to the Company's Board of Directors on November 12, 2001. Dr. Henikoff is currently serving as President and Chief Executive Officer of Rush-Presbyterian-St. Luke's Medical Center in Chicago, Illinois, where he is a Professor of Medicine and Pediatrics; President and Chairman of the Rush System of Health, a six-hospital system in the Chicago area; and President of Rush University. From 1994 through present, Dr. Henikoff has served as a director of Bankmont Financial Corporation, and has also served as a director on the boards of Harris Trust and Savings Bank and Harris Bankcorp, Inc. from 1986 to present. In addition, Dr. Henikoff has served and continues to serve on the boards of numerous charitable and voluntary organizations.

Recommendation of the Board of Directors

The Board of Directors recommends that stockholders vote "FOR" the election of each of the nominees for director of the Company.

Continuing Directors

John N. Kapoor, Ph.D. has served as Chairman of the Board of Directors since October 1990. In the past, Dr. Kapoor served as the Company's Chief Executive Officer from August 1993 to April 1996. Dr. Kapoor also served as the Company's President from August 1993 through October 1993 and from January 1995 through February 1996 and as Chief Executive Officer and President from March 1991 to May 1991. In addition, Dr. Kapoor is President of EJ Financial Enterprises, Inc., a health care consulting and investment company formed by Dr. Kapoor in 1990. From June 1982 to April 1990, Dr. Kapoor held several positions with Lyphomed, Inc., a pharmaceutical company, including Chairman, Chief Executive Officer and President. Dr. Kapoor is a director of First Horizon Pharmaceutical Corporation (NASDAQ:FHRX), and is a director and Chairman of each of Introgen Therapeutics Inc. (NASDAQ:INGN), Akorn, Inc. (NASDAQ:AKRN) and NeoPharm, Inc. (AMEX:NEO). Dr. Kapoor received a Ph.D. in medicinal chemistry from the State University of New York and a B.S. in pharmacy from Bombay University.

Rajat Rai has been a member of the Company's Board of Directors since May 2001. Mr. Rai has served as the Company's Chief Executive Officer since May 2001, and President since June 2000. Prior to that, Mr. Rai held various positions with the Company since August 1992, including Chief Operating Officer from August 1999 to April 2001. Mr. Rai received an M.B.A. in Finance from Wayne State University, and also holds a B.S. in Mechanical Engineering from Regional Engineering College in Warangal, India.

Jerome F. Sheldon has been a member of the Company's Board of Directors since November 1991. Mr. Sheldon was President and Chief Executive Officer of Medicine Shoppe International, Inc., a franchisor of retail pharmacies, from March 1980 to June 1990, a Director of such company from March 1980 to February 1991 and a consultant of such company from July 1990 to June 1991. During most of this period, Mr. Sheldon was also a Director of the International Franchise Association and a trustee of the St. Louis College of Pharmacy. Mr. Sheldon was President and Chief Executive Officer of Lamar Snowboards, a manufacturer and distributor of snowboard products, from August 1991 to

July 1998. Mr. Sheldon received a B.A. from Brooklyn College and an M.B.A. and J.D. from Columbia University.

James M. Hussey has been a member of the Company's Board of Directors since August 1999. Mr. Hussey has served as President and Chief Executive Officer of NeoPharm, Inc. (NASDAQ:NEOL), a biopharmaceutical company specializing in the development and marketing of new and innovative drugs for the diagnosis and treatment of cancer, since March 1998. In 1994, Mr. Hussey formed his own company, Physicians Quality Care, Inc. ("PQC"), which was the third largest Independent Physicians Association management company in Chicago, which he sold in 1998. Prior to forming PQC, Mr. Hussey spent over 11 years with Bristol-Myers Squibb (NYSE:BMY), a pharmaceutical company, where he held numerous senior level positions in marketing, sales and new business development. Mr. Hussey is also a director of NeoPharm, Inc. Mr. Hussey is a graduate of Butler University College of Pharmacy and a licensed pharmacist. Mr. Hussey received an M.B.A. from the University of Illinois in 1984.

Executive Officers

Joseph Bonaccorsi joined Option Care in January 2002 as Senior Vice President, Secretary and General Counsel. Prior to joining Option Care, Mr. Bonaccorsi was a partner at the Chicago law firm of Sanchez & Daniels, where he practiced since 1993. Previously, he was an associate with the law firm of Best & Beranek for four years. Mr. Bonaccorsi earned his Juris Doctor degree from Loyola University of Chicago School of Law in May 1989, and his Bachelor of Science degree from Northwestern University in June 1986.

Paul Mastrapa rejoined Option Care as a Senior Vice President and Chief Financial Officer on February 4, 2002. Previously, Mr. Mastrapa held key senior level positions responsible for the financial management, business development, and operations of several healthcare service companies. Over the last four years, Mr. Mastrapa was the founder and CEO of AdvoLife, a venture capital backed provider of private pay chronic care management services to seniors leading the company to profitability. In his career, Mr. Mastrapa has successfully led the acquisition and integration efforts for multiple healthcare service companies, held senior operating positions with P&L responsibility as well as senior finance and accounting roles. In 1991, Mr. Mastrapa began his healthcare career at Option Care where he supported the IPO process, acquisitions, and financial management needs of the company during the early 1990's. He began his career at Ernst &Young in Chicago, has an MBA from the Kellogg School of Management at Northwestern University and is a CPA.

Irwin Halperin joined Option Care in 1988 as the Vice President of Sales for the Miami Office. More recently, he played an instrumental role in the development of the OptionMed biotech and injectable drug distribution program and was promoted to Senior Vice President of Sales in January 2001. Prior to joining Option Care, Mr. Halperin served as Administrator for several Hospital Corporation of America (HCA) hospitals, including Administrator for Sun City Hospital with responsibility for its construction and opening. Mr. Halperin also ran an emergency room staffing service where he established strong relationships with physicians and hospitals throughout the State of Florida. Mr. Halperin has a B.S. from Ithaca College and a Masters of Public Health, with a concentration in Health Policy and Management from Yale University.

Kent Kerkhof has been Senior Vice President of Option Care since July 2000. From March 1996 to February 2000, Mr. Kerkhof was Vice President at CM Healthcare Resources, Inc. in Northbrook, Illinois. Between May 1992 and February 1996, Mr. Kerkhof was President and CEO and Board Secretary of Home Solutions Systems Corp. in Arlington Heights, Illinois. He graduated from Butler University with a Master of Science Degree in Hospital Pharmacy Administration and a Bachelor's Degree in Pharmacy.

Bruce Kutinsky has been affiliated with Option Care since 1990. Prior to his position as a Vice President with the corporate group, he was the owner and President of one of Option Care's offices in Ann Arbor, Michigan. When Option Care purchased the office in 1997, Mr. Kutinsky joined the company as an Area Vice President. In 1998 he was promoted to Vice President of Operations for Option Care Enterprises, Inc. and in 2000 was promoted to its Senior Vice President. Mr. Kutinsky has a doctor of pharmacy degree from the University of Michigan and is a registered pharmacist in the state of Michigan.

Dushyant Patel joined Option Care in November 2000 and is responsible for Option Care's acquisition, business development and strategic alliance strategy. Prior to joining the Company, Mr. Patel held various positions of increasing responsibility with Omnicare including President, Omnicare Renal Services and Vice President of Pharmacy Services. In addition, Mr. Patel held operations management positions with Home Solutions Systems Corporation, Home Nutritional Services Inc. and Travacare Homecare. Prior to his experience in home care delivery, Mr. Patel managed pharmacies in the hospital and retail environments for St. Joseph Hospital and Eckerd Drugs. Mr. Patel has a Master's and B.S. in pharmacy from Bombay College of Pharmacy and a B.S. in Pharmacy from Arnold & Schwartz College of Pharmacy in Brooklyn, New York.

EXECUTIVE COMPENSATION

For the years ended December 31, 2001, 2000 and 1999, the following table presents summary information concerning compensation awarded or paid to, or earned by, (i) each of the two individuals who served as the Company's Chief Executive Officer, (ii) each of the other four most highly compensated executive officers for the year ended December 31, 2001, and (iii) two former executive officers of the Company.

Summary Compensation Table

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
Name and Principal Positions	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)(1)**	**Restricted Stock Awards ($)**	**Securities Underlying Options/SARs(#)(8)**	**LTIP Payouts**	**All Other Compensation ($)(2)**

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION		
Dr. John Kapoor	2001	$ 100,000	$	$	$		$
Chairman and Chief	2000	100,000					
Executive Officer(3)	1999						
Rajat Rai	2001	225,653	100,625	9,000		312,500	5,100
President and Chief	2000	189,708	100,000	8,950		125,000	5,100
Executive Officer (4)	1999	138,009	51,500				4,140
Cathy Bellehumeur	2001	188,355		6,000			5,100
Senior Vice President,	2000	171,600	48,808	6,000		6,250	5,100
General Counsel and	1999	168,645	40,764				4,800
Secretary (5)							
Kent Kerkhof	2001	119,624	41,351	6,000		18,750	
Senior Vice President	2000						
Franchise and Network	1999						
Management(6)							
Bruce Kutinsky	2001	165,585	54,812	6,000		137,500	5,100
Chief Operating	2000	139,166	40,413	6,000		50,000	5,100
Officer	1999						
Irwin Halperin	2001	140,000	43,206	6,000		25,000	
Senior Vice President,	2000	94,000	13,281	4,500		37,500	
Sales	1999						
Dushyant Patel	2001	140,000	62,500	6,000		37,500	
Senior Vice President,	2000						
Business Development	1999						
Carla M. Pondel	2001	160,000		6,000		31,250	
Chief Financial	2000						
Officer(7)	1999						

(1) Amounts represent automobile allowance for each named executive officer.

(2) Unless otherwise noted, amounts represent Company matching contributions to the Company's 401(k) plan.

(3) Dr. Kapoor served as Chief Executive Officer of the Company from January through April 2001, and served as Chairman for the entire year.

(4) Mr. Rai served as President and Chief Operating Officer of the Company through April 2001, and served as President and Chief Executive Officer from May 2001 forward.

(5) Ms. Bellehumeur terminated her employment with the Company in December 2001.

(6) Mr. Kerkhof served as Senior Vice President, Franchise and Network Management from July 2001 forward.

(7) Ms. Pondel terminated her employment with the Company in January 2002.

(8) The number of securities underlying options identified in the table are accurate as of December 31, 2001, but have been adjusted to give pro forma effect to the 5-for-4 stock split which occurred on April 10, 2002.

2001 Option/SAR Grants

The following table sets forth information concerning stock option grants made in the year ended December 31, 2001(1) to the individuals named in the Summary Compensation Table.

Name	Individual Grants: Number of Securities Underlying Options/SAR Granted (#)(2)	Percent of Total Options/SAR Granted to Employees in Fiscal Year	Exercise Price ($/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3): 5%($)	10%($)
John Kapoor, Ph.D.			$		$	$
Rajat Rai	75,000	5.2	5.70	3/9/2011	269,041	681,803
	112,500	7.8	10.31	5/11/2011	729,581	1,848,901
	125,000	8.6	12.92	8/3/2011	1,015,665	2,573,894
Cathy Bellehumeur						
Irwin Halperin	25,000	1.7	5.70	3/9/2011	89,680	227,268
Bruce Kutinsky	25,000	1.7	5.70	3/9/2011	89,680	227,268
	50,000	3.4	10.31	5/11/2011	324,258	821,734
	62,500	4.3	12.92	8/3/2011	507,832	1,286,947
Carla M. Pondel	31,250	2.2	12.92	8/3/2011	253,916	643,474
Dushyant Patel	12,500	0.9	5.70	3/9/2011	44,840	113,634
	25,000	1.7	12.92	8/3/2011	203,133	514,779
Kent Kerkhof	6,250	0.4	10.31	5/11/2011	40,524	102,697
	12,500	0.9	12.92	8/3/2011	101,566	257,389

(1) The number of securities underlying options identified in the table are accurate as of December 31, 2001, but have been adjusted to give pro forma effect to the 5-for-4 stock split which occurred on April 10, 2002.

(2) Options terminate on the earlier of ten years after start; three months after termination of employment, except in the case of retirement, death or total disability; or twelve months after termination of employment in the case of retirement (at or after age 65), death or total disability.

(3) The indicated 5% and 10% rates of appreciation are provided to comply with Securities and Exchange Commission regulations and do not necessarily reflect the views of the Company as to the likely trend in the Common Stock price. Actual gains, if any, on stock option exercises and Common Stock holdings will be dependent on, among other things, the future performance of the Common Stock and overall market conduct. There can be no assurance that the amounts reflected above will be achieved.

2001 Stock Option/SAR Exercises and Year-End Option/SAR Value

The following table sets forth information concerning the number of exercisable and unexercisable stock options at December 31, 2001 as well as the value of stock options having an exercise price lower than the last reported trading price ("in-the-money" options) on December 31, 2001(1) held by the individuals named in the Summary Compensation Table.

Name	Shares Acquired on Exercise(#)	Value Realized($)	Shares Underlying Unexercised Options/SAR Held at December 31, 2001(#)		Value of Unexercised, In-the-Money Options/SAR Held at December 31, 2001($)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John Kapoor, Ph.D.		$			$	$
Rajat Rai			125,827	436,672	1,773,077	3,195,023
Cathy Bellehumeur			89,062		1,283,560	

	Shares Underlying Unexercised Options/SAR Held at December 31, 2001(#)		**Value of Unexercised, In-the-Money Options/SAR Held at December 31, 2001($)(2)**	
Irwin Halperin	9,375	53,125	93,656	529,469
Kent Kerkhof	9,375	46,875	105,375	383,425
Bruce Kutinsky	12,500	175,000	128,781	1,071,244
Dushyant Patel	9,375	65,625	99,300	490,150
Carla Pondel(3)	15,625	78,125	165,500	581,500

(1) The number of shares underlying options identified in the table are accurate as of December 31, 2001, but have been adjusted to give pro forma effect to the 5-for-4 stock split which occurred on April 10, 2002.

(2) Based on a pre-stock split price per share of $19.55, the last reported sale price of the Common Stock on December 31, 2001.

(3) Carla Pondel resigned on January 31, 2002, resulting in forfeiture of her 78,125 unexercisable options.

Severance Arrangements

Mr. Bonaccorsi has a separate arrangement with the Company pursuant to which Mr. Bonaccorsi would receive nine months severance in the event of any termination by the Company without cause.

Mr. Kerkhof has a separate arrangement with the Company pursuant to which Mr. Kerkhof would receive six months severance in the event of any termination by the Company without cause.

Mr. Kutinsky has a separate arrangement with the Company pursuant to which Mr. Kutinsky would receive six months severance in the event of any termination by the Company without cause.

Mr. Mastrapa has a separate arrangement with the Company pursuant to which Mr. Mastrapa would receive twelve months severance in the event of any termination by the Company without cause.

Mr. Patel has a separate arrangement with the Company pursuant to which Mr. Patel would receive six months severance in the event of any termination by the Company without cause.

The Company owes a continuing severance obligation to Ms. Bellehumeur through November 2002.

The Company owes a continuing severance obligation to Ms. Pondel through October 2002.

Under the severance arrangements identified above, each executive officer is entitled to 100% of his or her then current salary, standard health, insurance and other benefits and allowances received by such officer at the time of termination for the applicable time periods identified above.

Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board of Directors during 2001 was comprised of Messrs. Andress, Hussey, Sheldon, and Stone until Mr. Stone's retirement in May 2001. Dr. Henikoff was appointed to the Compensation Committee in October 2001. All Compensation Committee members are non-employee directors of the Company. All decisions by the Compensation Committee relating to the compensation of the Company's executive officers are reviewed by the full Board. In accordance with rules of the Securities and Exchange Commission designed to enhance disclosure of companies' policies toward executive compensation, the following is a report submitted by the above-listed committee members in their capacity as the Board's Compensation Committee addressing the Company's compensation policy as it related to the named executive officers for 2001.

Compensation Philosophy

The goal of the Company's executive compensation policy is to ensure that an appropriate relationship exists between executive pay and the creation of stockholder value, while at the same time motivating and retaining key employees. To achieve this goal, the Company's executive compensation policies integrate annual base compensation with cash and stock bonuses based upon corporate performance and individual initiatives and stock options granted under the Company's stock-based incentive plans. Measurement of corporate performance is primarily based on Company goals and industry performance levels. Accordingly, in years in which performance goals and industry levels are achieved or exceeded, executive compensation would be higher than in years in which performance is below expectations. Annual compensation is designed to attract and retain qualified executives. All executive officers and management in general are also eligible for and participate in an incentive compensation plan that consists of cash bonuses and stock options.

Performance Measures

In evaluating annual bonuses, the Committee examines earnings per share, sales growth and operating results as well as subjective factors relating to performance of management objectives. No specific weight is assigned to any of these factors. The earnings factors are compared with designated Company performance goals, prior years' performance and performance of other companies in the industry. Accordingly, the Company believes it is important that its performance be compared to that of other specialty pharmaceutical companies in order to demonstrate the impact of management's objectives and performance.

Fiscal 2001 Compensation

For fiscal 2001, the Company's executive compensation program consisted of base salary, a cash bonus based upon the performance measurements described above and stock options. Options are granted based primarily on each such person's potential contribution to the Company's growth and profitability. The Committee believes that options and other stock-based performance compensation arrangements are an effective incentive for managers to create value for stockholders because the value of an option bears a direct relationship to the Company's stock price.

Base salary, maximum annual bonus and annual stock option grants for the Chief Executive Officer and all other executive officers were established by a combination of objective and subjective factors. Actual bonus payout is determined by a combination of objective factors relating to the Company's performance relative to targets and comparative companies, and subjective factors relating to the completion of specific management objectives.

Base salaries are believed to be within the range of those persons holding comparably responsible positions at other companies, both regionally and nationally. In addition, other factors are taken into consideration, such as cost of living increases and competitors' performance, as well as the individual's

past performance and potential with the Company. Bonus compensation is also tied to performance goals.

The Committee believes that linking executive compensation to corporate performance results in a better alignment of compensation with corporate goals and stockholder interest. If performance goals are met or exceeded, resulting in increased value to stockholders, executives are rewarded commensurately. The Committee believes that compensation levels during fiscal 2001 adequately reflect the Company's compensation goals and policies.

Chief Executive Officer and Other Senior Executives Compensation

In May 2001, Rajat Rai became the Company's Chief Executive Officer, serving as President and C.E.O. from May 2001 forward. From January through May 2001, Mr. Rai served as President and Chief Operating Officer of the Company. Mr. Rai received an annual salary of $225,653 in 2001 for his service to the Company, and was granted a total of 312,500 stock options at various dates in 2001. Prior to Rajat Rai's promotion to Chief Executive Officer of the Company, Dr. John Kapoor held that role in additional to serving as the Company's Chairman. Dr. Kapoor received an annual salary of $100,000 in 2001 for his services as Chairman. Dr. Kapoor was not separately compensated for his duties as Chief Executive Officer during 2001.

The Compensation Committee Report on Executive Compensation contained in this Proxy Statement shall not be deemed to be incorporated by reference by any general statement which incorporates by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, and it shall not othe. Management believes that these numbers are very conservative given the size of the carriers' enterprise customer base and the overall market potential.

3. Support Fees - Annual recurring revenue from maintenance, subscription fees, seat upgrades and product support services.

Recurring revenue is expected to be generated from annual technical support and maintenance fees (including seat upgrade fees) and service fees. Recurring revenue from these sources is projected to grow from $15,000 in 2012 to slightly less than $80,000 by 2015. Technical Support and Maintenance fees will apply to the traditional paid-up licenses, calculated at a rate of 20% of the license fees. The subscription fees will apply to the hosted model and will be earned based on the number of seats. Over the course of time it is expected that customers will increase the number of end-users (seats) within their organizations, purchasing incremental subscriptions or seat licenses.

4. Professional Service Fees - For customization, configuration, development and deployment in support of eXFORMA BPM, MTM and MobiTask.

Service fees include services provided directly to end-user organizations and to channel partners primarily for implementation services and ongoing consulting services. Due to the nature of the BPM market initial implementation often requires considerable professional services and service revenue will be approximately equal to 10%-15% of license fees revenue. The type of services provided will include business analysis, design and implementation, as MobiTask, eXFORMA and MTM will be implemented to interact with enterprise applications and to meet specific task requests of the customer. Although paid for by the customer, the IP associated with each customization of the platform remains with us and is available for resale to other clients significantly reducing the direct cost to us of future product development.

Professional Service revenue is expected to increase commensurate with software sales growing from $105,000 in 2012 to in excess of $7.6 million by 2015. We consider service delivery to be an important component to our success and with every success we will be adding a new stream of future revenue as clients consider expanding the use of the technology to other areas of their organizations.

Management anticipates total revenues of $265,000 in 2012 and with successful funding initiatives and sound execution of our business plan, these revenues will increase to $19.4 million by 2015.

Revenue Mix

During 2012, we expect that 52.8% of revenue will be generated through direct sales, technical support and professional services billings, while 47.2% of revenue will result from subscription sales primarily through the Verizon partnership. By the end of 2015, carrier-based subscription sales as a percentage of total revenue are projected to level out to the 60% range.

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Expenses

We incurred $191,103 in operating expenses for the three months ended September 30, 2012, as compared with operating expenses of $208,271 for the three months ended September 30, 2011. Our general and administrative expenses were $160,307 for the three months ended September 30, 2012, as compared with general and administrative expenses of $156,529 for the three months ended September 30, 2011.

We incurred $454,896 in operating expenses for the nine months ended September 30, 2012, as compared with operating expenses of $317,790 for the nine months ended September 30, 2011. Our general and administrative expenses were $394,676 for the nine months ended September 30, 2012, as compared with general and administrative expenses of $234,105 for the nine months ended September 30, 2011.

We incurred $21,504 in interest expenses for the three months ended September 30, 2012, as compared with $44,179 for the three months ended September 30, 2011. We incurred $62,553 in interest expenses for the nine months ended September 30, 2012, as compared with $44,291 for the nine months ended September 30, 2011.

As a result of our channel partner distribution strategy, the business model is highly leveraged. Therefore, we expect to maintain a low level of fixed corporate overhead leading to projections of breakeven profitability beginning in Q2 - 2013.

Cost of Service/Sales

The cost of service/sales expense is associated with delivery of a sales unit, including direct labor cost associated with the delivery of implementation and consulting services provided directly to end-users or to distribution partners and sales commissions. The cost of service/sales is projected to be approximately 6% of total revenue.

Sales and Marketing

Sales and marketing expenses include the costs to market products and to manage and support the channel partners and direct sales team. Initially in 2012, this includes staffing to recruit distribution partners. Subsequently, staffing grows to provide adequate support, service and account management services. Sales and marketing expenses also include expenses to recruit distribution partners as well as costs for product promotion. Sales and marketing expenses, exclusive of commissions, are expected to be approximately 29% of total revenue in 2012 but declining to 7.5% by 2015 as revenue increases and more normative cost-efficiencies are experienced.

We expect that sales staff at the end of Q1 - 2013 will include only the newly-engaged VP of Sales, three regional sales reps (focused on the Verizon relationship) for the Northeast, Western and Central U.S. one inside sales rep and one sales support person, the latter two both based in Toronto. We further expect the sales roster to expand to eight by the end of 2013 and the complement will be adjusted gradually as dictated by revenue growth.

Product Development, R&D and Technical Support

Product development expense primarily includes the costs of direct in-house labor associated with the staffing requirement for development, maintenance and upgrades of the software product. Product development expenses are expected to approximately average 21% of total revenue in 2012, but will rapidly decline to 5% by 2015 as revenue increases and more normative cost-efficiencies are experienced.

General and Administrative (G&A)

The general and administrative costs represent the labor expense of corporate support staff of both fixed and semi-variable natures, which will increase with additional product sales. G&A also includes other items such as recruitment and insurance costs associated with our growth. General and administrative expenses are projected to be approximately 49% of total revenue in 2012 but again declining rapidly to 6.5% by 2015 as revenue increases and more normative cost-efficiencies are experienced.

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Royalties

We have acquired an exclusive license from GroveWare Technologies Inc. to market and support MobiTask, eXFORMA, eXFORMA BPM SUITE and MTM throughout the United States. We are also permitted under the license to further develop and improve these and other product offerings to U.S. customers.

As compensation for these exclusive marketing and development rights, we currently pay a royalty equal to 20% of all revenue generated from the sale of the licensed products. The terms of the royalty arrangement are detailed in an Exclusive Software Master License Agreement executed between the parties on December 31, 2009.

The Master License Agreement is currently under renegotiation and the attached projections assume that the royalty rate will be reduced to 15% of revenue and will be levied only on revenue generated from the sales of software licenses and subscriptions and will no longer include professional services and technical support revenue. As well, royalties will be paid as subscription revenue is recognized on our books.

Depreciation and Amortization

These expenses include depreciation of general office equipment and computer equipment, based on estimated useful lives of five years for furniture and office equipment, and three years for computer related equipment. We have capitalized the costs associated with the development of the software product but not the costs to enhance the existing product.

Earnings

We had a net loss of $83,325 for the three months ended September 30, 2012, as compared with a net loss of $152,310 for the three months ended September 30, 2011. We had a net loss of $358,990 for the nine months ended September 30, 2012, as compared with a net loss of $244,511 for the nine months ended September 30, 2011.

As with most enterprise software sales, gross margins are very attractive at 72%. We expect that EBITDA margins will be negative through the end of 2012, but are projected to increase from 28.4% in 2013 to a very favorable 57% by 2015. We further expect net earnings before taxes will increase from a loss of $360,000 in 2012 to a pre-tax profit of over $10.7 million by 2015, primarily because of increasing sales over moderating expense levels.

The break-even monthly sales level of $350,000 are forecast for Q1 of 2013 with cash flows becoming positive at sales levels of less than $400,000, expected to be achieved in early Q2 of 2013.

We are projecting a pre-tax loss in 2012 because of the late Q4 closing of the company's re-financing and the subsequent ramp of sales activity with a rapid increase of pre-tax earnings in 2013 and 2014 to $1.4 million and $6.4 million respectively.

An assumed moderate 25% growth rate in 2015 and 2016 may result in projected recognized revenues of $19.4 and $23.4 million with pre-tax earnings of $10.7 and $13.7 million, respectively.

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Liquidity and Capital Resources

We had $72,084 in current assets and $850,669 in current liabilities as of September 30, 2012. We therefore had a working capital deficit of $778,585.

Operating activities provided $23,732 for the nine months ended September 30, 2012. Our net loss of $358,990 and accounts receivable of $53,803 accounted for our negative operating cash flow, offset primarily by company expenses paid by related parties in the amount of $240,155, related party accounts payable of $68,590, interest on notes payable of $57,194, and related party royalties payable of $32,491.

Operating activities used $11,093 the nine months ended September 30, 2012. We received proceeds of $28,818 from related parties and proceeds of $150,000 from convertible debt, but made repayments of $169,911 for related party payables and $20,000 for a factoring line, which accounted for our negative financing activity.

Loans and Debt Service

We have no existing bank debt. At September 30, 2012, $243,742 was owed to a factoring company. We are currently seeking an investment of a minimum of $2,000,000 either in the form of subordinated debt or through the issue of common or preferred equity.

Capital Requirements: 2012-2013

We are seeking to raise an additional $2.0 - $5.0 million in capital. Management is currently in discussions with several potential funding sources and is optimistic that a transaction can be concluded prior to the end of Q4 2012.

Operating expenses before interest is expected to gradually increase, based on the sales growth and related support requirements, to approximately $ 325,000 per month by the end of Q2 2013. Initial pro forma profits beginning in Q1 2013 and cash flow breakeven occurs in Q2 2013.

The proceeds of our capital raise will be used primarily to fund additional market development, sales & marketing & services staffing, product enhancement and new development, receivable funding, G&A and to reduce debt obligations.

We are projecting to be cash flow positive in Q2 2013. However, to give further assurance of adequate growth capital, we will explore the financing of our accounts receivable, securing an additional bank line of credit or a capital lease line to assist with funding its monthly cash flow fluctuations and other working capital requirements.

The revenue projections are based on the best conservative estimate of management. While market acceptance and pricing are not likely to present any material challenges to revenue growth, sales cycles within the enterprise and institutional sectors tend to be less predictable and timing of sales growth may ultimately be slower or faster than forecast. As a result, cash flow projections may be negatively or positively impacted. The investment capital currently being solicited will be adequate to meet any interim cash flow shortfalls if the ramp-up of revenue is slower than projected or to fund more rapid growth if revenue growth is accelerated.

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Cancellation of Shares

On August 2, 2012, in a Current Report on Form 8-K, we reported the issuance of 4,500,000 shares of common stock and an option to purchase 1,000,000 shares of Class A Convertible Preferred Stock to our officers and directors. These shares have been cancelled and returned to treasury.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Future Financings

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 of the Securities Exchange Act of 1934, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of the end of the period covered by this report, these disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission and to ensure that such information is accumulated and communicated to our company's management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of the following material weaknesses in internal control over financial reporting which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both United States generally accepted accounting principles and Securities and Exchange Commission guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated.

We plan to take steps to enhance and improve the design of our internal controls over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes during our fiscal year ending December 31, 2013, subject to obtaining additional financing: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out above are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2012 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosure

None.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1	Exclusive Master License Agreement, dated December 31, 2009[(1)]
10.2	Factoring and Security Agreement, dated October 21, 2010[(1)]
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	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
101**	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30 , 2012 formatted in Extensible Business Reporting Language (XBRL).

(1) Incorporated by reference on Form 8-K filed with the Securities and Exchange Commission on April 10, 2012

**Provided herewith

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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.

GroveWare Technologies Ltd.

Date: December 6, 2012

By: /s/ Hrair Achkarian

Hrair Achkarian

Title: **Chief Executive Officer**

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