

SCOLR Pharma, Inc.
Form DEF 14A
April 28, 2011
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United States
Securities and Exchange Commission

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

SCOLR Pharma, Inc.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registrant statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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SCOLR Pharma, Inc.

19204 North Creek Parkway, Suite 100

Bothell, Washington 98011

April 28, 2011

Dear Stockholder:

This year's annual meeting of stockholders will be held on June 9, 2011, at 3:00 p.m. local time at the SCOLR Pharma headquarters, 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011. You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, accompany this letter.

It is important that you use this opportunity to take part in the affairs of SCOLR Pharma by voting on the business to come before this meeting. After reading the Proxy Statement, please promptly mark, sign, date and return the enclosed proxy card in the prepaid envelope to assure that your shares will be represented. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before our stockholders is important.

A copy of our Annual Report to Stockholders is also enclosed for your information. Following completion of the scheduled business, we will report on the Company's activities over the past year and our plans for the future. The board of directors and management look forward to seeing you at the annual meeting.

Sincerely yours,

Stephen J. Turner

President and Chief Executive Officer

April 28, 2011

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SCOLR Pharma, Inc.

19204 North Creek Parkway, Suite 100

Bothell, Washington 98011

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 9, 2011

To the Stockholders of SCOLR Pharma, Inc.:

Notice is hereby given that the annual meeting of the stockholders of SCOLR Pharma, Inc., a Delaware corporation (the "Company"), will be held on June 9, 2011, at 3:00 p.m. local time at the Company's headquarters, 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011, for the following purposes:

1. To elect six directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified;
2. To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 150,000,000 shares;
3. To ratify the appointment of Grant Thornton LLP as our independent audit firm for the fiscal year ending December 31, 2011; and
4. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on April 11, 2011, are entitled to notice of, and to vote at, this meeting and any adjournment or postponement. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 19204 North Creek Parkway, Suite 100 Bothell, Washington 98011.

By order of the Board of Directors,

Stephen J. Turner
President and Chief Executive Officer

Bothell, Washington
April 28, 2011

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 10, 2010.

Pursuant to rules promulgated by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a notice of annual meeting, proxy card and 2010 Annual Report to Stockholders, and by notifying you of the availability of our proxy materials on the Internet. **The notice of annual meeting, proxy statement, proxy card and 2010 Annual Report to Stockholders are available at www.scolr.com/annualmeeting.** In accordance with the SEC rules, the materials on the website are searchable, readable and printable and the website does not have "cookies" or other tracking devices that identify visitors. You are cordially invited to attend the meeting. The meeting is located 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011. Directions to the meeting location are available at www.scolr.com/contact_info.php.

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE FILL IN, DATE, SIGN AND PROMPTLY MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY CHOOSE TO VOTE IN PERSON EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BANK, BROKER OR OTHER NOMINEE AND YOU WISH TO VOTE IN PERSON AT THE ANNUAL MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM SUCH BANK, BROKER OR OTHER NOMINEE.

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SCOLR Pharma, Inc.

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JUNE 9, 2011

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SCOLR Pharma, Inc.

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

JUNE 9, 2011

The accompanying proxy is solicited by the Board of Directors of SCOLR Pharma, Inc., a Delaware corporation (the "Company"), for use at its 2011 annual meeting of stockholders or any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and the enclosed proxy are being mailed to stockholders on or about April 28, 2011.

Date, Time and Place of Meeting. This year's annual meeting of stockholders will be held on June 9, 2011, at 3:00 p.m. local time at the Company's principal offices, 19204 North Creek Parkway, Suite 100, Bothell, WA 98011.

In this proxy statement, the words "we," "our," "ours," and "us" refer only to SCOLR Pharma, Inc. and not to any other person or entity.

This proxy statement includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the words "anticipate," "believe," "estimate," "may," "intend," "expect," and similar expressions identify certain of such forward-looking statements, including statements concerning anticipated needs for capital, potential financing opportunities and the availability of alternative sources of revenue for our business. Although we believe that our plans, intentions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from historical results or those contemplated, expressed or implied by the forward-looking statements contained in this annual report. Important factors that could cause actual results to differ materially from our forward-looking statements are set forth in the Company's annual report, including the Risk Factors identified in Item 1A of the Company's Annual Report, as well as those discussed elsewhere in the Annual Report and others detailed from time-to-time in our periodic and current reports filed with the SEC. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

SOLICITATION AND VOTING

Voting Securities. Only stockholders of record as of the close of business on April 11, 2011 (the "Record Date"), will be entitled to vote at the meeting and any adjournment or postponement thereof. As of the Record Date, we had 49,816,073 shares of common stock outstanding, all of which are entitled to vote with respect to all matters to be acted upon at the annual meeting. Each stockholder of record as of that date is entitled to one vote for each share of common stock held by him, her or it. Our bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting. Except as noted below, votes for and against, abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum.

Broker Non-Votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in "street name") but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. The amendment of our Certificate of Incorporation and the election of directors are considered non-routine matters and brokers may not vote shares held in street name for their customers in relation to this item of business. The ratification of the appointment of our independent auditors is considered a routine matter and brokers will be permitted to vote shares held in street name for their customers.

Any shares represented but not voted (whether by abstention, broker non-vote or otherwise) with respect to the proposal to amend the Certificate of Incorporation to increase the number of authorized shares of common

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stock will have the same effect as a vote against the proposal. Any shares represented but not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the proposal for election of directors or the proposal to ratify the appointment of the independent registered public accountant will have the same effect as a vote against such proposal.

Solicitation of Proxies. We will bear the cost of soliciting proxies. In addition to soliciting stockholders by mail, we (through our employees) will request banks, brokers and other custodians, nominees and fiduciaries to solicit customers for whom they hold our stock and may reimburse them for their reasonable, out-of-pocket costs. We may use the services of our officers, directors and other third parties to solicit proxies, personally or by telephone, without additional compensation. We may also engage the services of a professional proxy solicitation firm to solicit proxies on our behalf. Fees and expenses of any proxy solicitation will be borne by the Company.

Voting of Proxies. All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal.

Proxy Revocation. A stockholder giving a proxy has the power to revoke his, her or its proxy at any time before it is exercised by delivering to the Corporate Secretary a written instrument revoking the proxy, a duly executed proxy with a later date, or by attending the meeting and voting in person. However, if a stockholder's shares are held of record by a bank, broker or other nominee, the stockholder must first obtain a proxy issued in the name of the stockholder from such bank, broker or other nominee before voting the shares in person at the meeting.

Principal Executive Offices. Our principal executive offices are located at 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011. Our corporate website is <http://www.scolr.com>.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our bylaws provide that the Board of Directors shall consist of between four and twelve members, with the specific number to be established by a resolution of the board of directors. The authorized number of directors is currently set at six.

Our nominating and corporate governance committee has nominated for election by the stockholders six current members of the board of directors: Marylou W. Arnett, Carl J. Johnson, Herbert L. Lucas, Jr., Wayne L. Pines, Jeffrey B. Reich, and Michael N. Taglich. If elected, the nominees will serve as directors until our annual meeting of stockholders in 2012 and until their respective successors are elected and qualified. If any of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election, the proxies may be voted for such substitute nominees as the Board of Directors may designate.

The following sets forth our current directors and director nominees, and information concerning their ages and background:

Name	Principal Occupation	Age	Director Since
Marylou W. Arnett	Chief Operating Officer of Scerene Healthcare	46	2010
Carl J. Johnson	Retired pharmaceutical executive	62	2010
Herbert L. Lucas, Jr.	Private Investor	84	1991
Wayne L. Pines	FDA-related Regulatory and Media Consultant	67	2004
Jeffrey B. Reich	Vice President of Cramer, Rosenthal & McGlynn	49	2007
Michael N. Taglich	President of Taglich Brothers, Inc.	45	2003

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Marylou W. Arnett is the co-founder and Chief Operating Officer of Scerene Healthcare. She previously served in various roles at Adams Respiratory Therapeutics from 2004 to 2008, including as Senior Vice President, Marketing and Advertising. From 2002 to 2004, Ms. Arnett served as President for Quotonset Partners, LLC. Previously, she held various roles, including Senior Product Manager/Director at Pfizer, Inc. (formerly Warner Lambert Co.) from 1990 to 2000. She does not serve and has not served in the last five years on the board of directors of any publicly held company other than the Company. Ms. Arnett received a B.A. degree in History from Yale University and an M.B.A. degree from Columbia University Graduate School of Business. The board of directors determined that Ms. Arnett has the requisite experience and expertise to be a director of the Company. Her significant experience in management, marketing, and advertising in the healthcare and pharmaceutical industries will allow her to provide valuable insight to the Board of Directors and management on these topics.

Carl J. Johnson is a retired pharmaceutical executive and has served as Chairman of our Board of Directors since September 2010. From 2001 to 2008, he served as President and Chief Executive Officer of Matrixx Initiatives, Inc. Mr. Johnson also served as Vice President, Commercial Development for Perrigo Company from 1993 to 2001. Prior to that he served in other sales and marketing roles, including 16 years at Johnson & Johnson in both consumer and professional healthcare products. He currently serves as Vice Chairman and Director for the Phoenix Rescue Mission, and as a Director for St. Joseph the Worker and Westminster Village. He received his B.S. degree in Economics from Wagner College and his M.B.A. degree from Fairleigh Dickinson University. The board of directors determined that Mr. Johnson has the requisite experience and expertise to be a director of the Company. His extensive background in product development and the healthcare industry will allow him to provide insight to the board of directors and management in relation to these matters.

Herbert L. Lucas, Jr., has managed his family investment business since 1982. He has served on the boards of directors of various financial and business institutions, including Wellington Trust Company, Arctic Alaska Fisheries, Inc., and Sunworld International Airways, Inc. Mr. Lucas has served as Trustee of The J. Paul Getty Trust, the Los Angeles County Museum of Art, The Morgan Library, and Winrock International Institute for Agricultural Research and Development. He was formerly a member of the Board of Trustees of Princeton University. From 1972 to 1981, he served as President of Carnation International in Los Angeles and as a director of the Carnation Company. Mr. Lucas currently does not serve and has not served during the past five years on the boards of directors of any publicly held companies other than the Company. Mr. Lucas received a B.A. degree in History from Princeton University and an M.B.A. degree from the Harvard University Graduate School of Business Administration. The board of directors determined that Mr. Lucas has the requisite experience and expertise to be a director of the Company. His business, financial and corporate governance background enables him to provide insight to the board of directors and management in relation to such matters.

Wayne L. Pines, is an international consultant on FDA-related regulatory and media issues and on corporate crisis management. Since 1993, he has been President of Regulatory Services and Healthcare at APCO Worldwide, a public affairs firm in Washington, D.C. Prior to that, Mr. Pines was Executive Vice President of Burson-Martseller, an international public relations agency. Mr. Pines served for ten years at the FDA as Chief of Consumer Education and Information, Chief of Press Relations and Associate Commissioner of Public Affairs. He is also a member of the board of Excel Life Sciences and MyCareTeam.com, and in the non-profit sector, is a director of The Health MedStar Research Institute and of the Alliance for a Stronger FDA. A frequent lecturer at educational conferences, he has authored or edited twelve books on FDA-related issues, medical advertising regulation and crisis management. Mr. Pines is a graduate of Rutgers University. The board of directors determined that Mr. Pines has the requisite experience and expertise to be a director of the Company. His regulatory and pharmaceutical industry experience allows him to provide the Company with insight regarding laws and regulations that affect us and the industry in which we operate. Mr. Pines currently does not serve and has not served during the past five years on the boards of directors of any publicly held companies other than the Company.

Jeffrey B. Reich, M.D., is a Vice President at the investment advisory firm of Cramer, Rosenthal & McGlynn (CRM), serving as a healthcare portfolio manager in the firm's investment group. Prior to CRM, Dr. Reich was a

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principal at Merlin Bio Med Group. Dr. Reich also serves on the board of directors and the compensation and audit committee of Neurologix, Inc., a development-stage company engaged in the research and development of proprietary treatments for disorders of the brain and central nervous system utilizing gene therapies. He earned his B.A. from Binghamton University and his M.D. from Weill Medical College of Cornell University in 1987, where he was also an Assistant Clinical Professor in the Department of Neurology and Neuroscience for 10 years. The board of directors determined that Dr. Reich has the requisite experience and expertise to be a director of the Company. His medical education and research experience, along with his industry knowledge and experience, allow him to provide us with valuable understanding related to our industry and technologies.

Michael N. Taglich, has served as president of Taglich Brothers, Inc., a NASD broker-dealer firm focused on public and private micro cap companies, since 1992. Mr. Taglich is also the Chairman of the Board of Air Industries, and CHF Technologies, Inc., both are publicly held companies. Mr. Taglich earned a B.S. from New York University. Mr. Taglich served as Chairman of our Board of Directors from 2003 until September 2010. The Board of Directors determined that Mr. Taglich has the requisite experience and expertise to be a director of the Company. His experience in management, financial matters, and capital formation allows him to act as a liaison between board members and executives, and enables him to provide the board of directors and management with valuable insight in these areas.

Vote Required and Board of Directors Recommendation

If a quorum is present and voting, the six nominees for director receiving the highest number of votes will be elected as members of the board of directors. Abstentions and broker non-votes will each be counted for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the vote.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE NAMED ABOVE.

CORPORATE GOVERNANCE

Director Independence

The board of directors has determined that Ms. Arnett, Messrs. Lucas and Pines, and Dr. Reich are independent directors within the meaning of the rules of the SEC. Mr. Johnson is not considered independent because he is Chairman of the Board and the Company's By-laws contemplate that the Chairman will perform certain functions of an executive officer of the Company. Mr. Taglich is not considered independent because he is the president and a principal shareholder of Taglich Brothers. Taglich Brothers has acted as a financial advisor for several of our stock offerings.

Board Meetings and Committees

The board of directors held nine meetings of the full board and three meetings of the independent directors during the fiscal year ended December 31, 2010. The board of directors has a standing audit committee, compensation committee and nominating and corporate governance committee. Committee assignments are re-evaluated periodically and approved by the board of directors as needed. During the last fiscal year, no director attended fewer than 75% of the total number of meetings of the board of directors and all of the committees of the board of directors on which such director served during that period.

Audit Committee. During 2010 the Company had an audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), comprised of Herbert L. Lucas, Jr. (Chair), Marylou W. Arnett, Wayne L. Pines, Jeffrey B. Reich, and Carl J. Johnson (until he was named Chairman of the Board in September 2010). The board of directors has determined that each member of the audit committee satisfies all applicable independence and experience requirements of the SEC for audit

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committee membership. Messrs. Lucas and Reich are qualified as an audit committee financial expert as defined by the SEC.

The audit committee acts pursuant to a written charter adopted by the board of directors. The audit committee charter is available on our corporate website, www.scolr.com. The audit committee retains our independent auditors, reviews their independence, reviews and approves any fee arrangements, oversees their audit work, reviews and pre-approves any non-audit services that may be performed by them, reviews the adequacy of accounting and financial controls, reviews our critical accounting policies and reviews and approves any related party transactions. The audit committee held four meetings during 2010.

Compensation Committee. During 2010 the members of our compensation committee were Ms. Arnett (Chair), Mr. Lucas, Mr. Pines, Dr. Reich and Mr. Johnson (until he was named Chairman of the Board in September 2010). The board of directors has determined that each member of the compensation committee satisfies all applicable independence and experience requirements of the SEC for compensation committee membership and as outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The compensation committee acts pursuant to a written charter adopted by the board of directors. The compensation committee determines all compensation for our chief executive officer, including incentive-based and equity-based compensation. In addition, the compensation committee reviews and approves salary and bonus levels for other executive officers and approves stock option grants to executive officers. The compensation committee held three meetings during 2010.

Agendas for the meetings of the compensation committee are determined through a collaborative process involving the committee chairs and the chief executive officer. Committee meetings are usually attended by the chief executive officer, and chief financial officer, who are excused from the meeting when the committee discusses their individual compensation or performance and during other executive sessions of the committee.

No compensation consultants were engaged during 2010.

Nominating and Corporate Governance Committee. The current members of the nominating and corporate governance committee are Mr. Pines (Chair), Mr. Lucas, Ms. Arnett, and Dr. Reich. The nominating and corporate governance committee acts pursuant to a written charter adopted by the board of directors. The nominating and corporate governance committee identifies individuals qualified to become members of the board of directors, selects or recommends to the board of directors director nominees for each election of directors, develops and recommends to the board of directors criteria for selecting qualified director candidates, considers committee member qualifications, appointment and removal, and provides oversight in the evaluation of the board of directors and each committee. The nominating and corporate governance committee held three meetings during 2010.

Independent Director Meetings

Non-management directors generally meet in executive session without management present at each regularly scheduled meeting of the board of directors. Meetings of the independent members of the Board of Directors are generally held whenever there is a necessity for such meeting. Mr. Pines has been designated by the board of directors to act as the lead director for such meetings of the independent directors.

Director Nominations

When considering the nomination of a candidate for election to the board of directors, the nominating and corporate governance committee generally reviews the results of an evaluation performed by the board of directors and each committee regarding the various skills, background, experience and expected contribution and

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qualifications of the candidate. In this regard, the nominating and corporate governance committee concerns itself with the composition of the board of directors with respect to depth of experience, balance of professional interests, required expertise and other factors. The nominating and corporate governance committee evaluates prospective nominees on its own initiative or as referred to it by the board of directors, management, stockholders or external sources. The nominating and corporate governance committee does not have a specific policy with regard to the consideration of diversity, but rather considers diversity to be one of the many factors to evaluate in assessing a nominee.

Our stockholders may nominate candidates for election as directors if they follow the procedures and conform to the deadlines specified in our bylaws. The complete description of the requirements for stockholder nomination of director candidates is contained in the bylaws. In summary, a stockholder desiring to nominate one or more candidates for election at our next annual meeting of the stockholders must submit written notice of such nomination to our corporate secretary not less than 90 days in advance of the third Monday in May. The deadline for submission of any director nominations by our stockholders for the next annual meeting is also set forth in the proxy statement for each annual meeting.

Any stockholders nominating candidates for election to the board of directors are also required to provide the following information with respect to their nominees:

the stockholder's name and address;

a representation that the stockholder is entitled to vote at the annual meeting and a statement of the number of shares beneficially owned by the stockholder;

a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder;

any other information relating to each nominee that would be required to be disclosed in a proxy statement filed pursuant to the SEC's proxy rules; and

the consent of each nominee to serve as a director if so elected.

Under its charter, the Company's nominating and corporate governance committee is responsible for evaluating any recommendations by stockholders of director candidates. Stockholders may submit in writing recommendations for consideration by the nominating and corporate governance committee to the attention of our corporate secretary at 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011. Recommendations should contain a detailed discussion of the qualifications of each recommended candidate and any other material information the stockholder wants the nominating and corporate governance committee to consider.

Communications with Directors

Any stockholder wishing to communicate with any of our directors regarding the Company may write to the director, c/o Corporate Secretary, 19204 North Creek Parkway, Suite 100, Bothell, Washington 98011. Any such correspondence should indicate that the sender is a stockholder of the Company. The Corporate Secretary will forward all communications to the director or directors to whom it is addressed as soon as practicable, although communications that are primarily commercial in nature, abusive, in bad taste or that present safety or security concerns may be handled differently. The independent directors of the board of directors review and approve the stockholder communication process periodically to ensure effective communication with stockholders.

Director Attendance at Annual Meetings

Although we do not have a formal policy regarding director attendance at annual meetings, all of our directors were encouraged to attend the annual meeting of stockholders in past years. We typically reimburse the reasonable out-of-pocket traveling expenses incurred by our directors attending the annual meeting. All of our

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directors then serving as members of the board of directors attended the 2010 annual meeting of stockholders in person, except for one director's participation by telephone. In order to save costs associated with reimbursement of travel expenses, we anticipate that many of our directors will not attend the 2011 annual meeting in person. Directors will be afforded the opportunity to participate in the meeting by telephone conference.

Code of Business Conduct

The board of directors has adopted a code of business conduct that applies to all of our employees, officers and directors. The code of business conduct is available on our website at www.scolr.com. Any substantive amendment or waiver of the code of business conduct for executive officers or directors may be made only by the audit committee, and we intend to disclose any such amendment or waiver on our website.

Corporate Governance Materials

The board of directors has adopted a written charter for each of the committees described above. Links to these materials are available on our website at www.scolr.com.

Board Leadership Structure

We believe that the separation of the Chairman and Chief Executive Officer positions is important to achieve a balance of oversight that is favorable to the Company. Mr. Johnson serves as the Chairman, and Mr. Turner serves as President and Chief Executive Officer of the Company. Mr. Johnson oversees the Company broadly, leads the meetings of our board of directors, and provides guidance to the Chief Executive Officer. Mr. Turner's role as our Chief Executive Officer is to oversee the day-to-day operations of the business.

Board Role in Risk Oversight

As specified by the audit committee's charter, the audit committee is tasked with implementing a code of conduct and reviewing the conduct alleged to be in violation of the code. It also reviews with senior management of the Company any report on significant deficiencies in the design or operation of the internal controls that could adversely affect the Company's ability to deal appropriately with risks as they arise. The audit committee is also tasked with reporting to the board of directors. Following the audit committee's report, the full board of directors considers areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks, and acts as necessary to manage such risks.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are or have been an officer or employee of the Company. During 2010, none of our executive officers served on the compensation committee or board of directors of another entity, any of whose executive officers served on our compensation committee or board of directors.

PROPOSAL NO. 2

To Approve an Amendment to Our Certificate of Incorporation to Increase the Number of Authorized Shares of Our Common Stock from 100,000,000 to 150,000,000 shares.

Background

Our Certificate of Incorporation presently authorizes the issuance by the Company of up to 105,000,000 shares of capital stock, consisting of 100,000,000 shares of common stock, par value \$.001 per share (the "Common Stock") and 5,000,000 shares of preferred stock, par value \$.01 per share (the "Preferred Stock"). As

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of the Record Date there were 49,816,073 shares of Common Stock issued and outstanding. Additionally, we have reserved 11,481,750 shares in respect of Common Stock issuable upon the exercise of outstanding warrants and stock options, or options which have been reserved for future issuance to employees, directors or service providers under our 2004 Equity Incentive Plan, as amended. As of the Record Date, 30,000 shares of Preferred Stock, designated as Series A Junior Participating Preferred Share Purchase Rights, were issued in connection with our Rights Agreement, dated as of November 1, 2002.

The Board of Directors recommends that the Company's stockholders approve the amendment to the Certificate of Incorporation. The Company will require additional capital to continue its operations and, based on its current operating plan, the Company expects that it will be required to sell and issue Common Stock and/or securities convertible into Common Stock in one or more private or public financing transactions in order to obtain the needed capital. The Company's Common Stock is trading at historical lows. As a result, in order to obtain capital of an amount sufficient to sustain the Company's operations to the point where anticipated revenue from the direct sales of its nutritional products is expected to mitigate the Company's reliance on equity financings to fund its operations, the Company anticipates that it will be required to issue a number of shares Common Stock (or reserve shares of Common Stock for issuance upon conversion of convertible securities) in excess of the number of unreserved shares of Common Stock currently authorized for issuance.

Although the Company does not have any current plan, arrangement or understanding, written or oral, to issue any of the shares that will be newly authorized as a result of approval of the amendment, the Board of Directors believes that the availability of a number of authorized shares of Common Stock sufficient to meet the Company's foreseeable capital needs will enable the Company to complete critical financing transactions in a wider range of transaction structures without the expense and delay of a special meeting of stockholders. A lack of sufficient authorized shares, or a delay in securing the availability of such authorized shares, may adversely affect the Company's liquidity and ability to continue its operations. Moreover, the Board of Directors believes that in addition to issuances for capital raising purposes, the increase in the authorized Common Stock will provide the Company with needed flexibility to issue Common Stock or securities convertible into Common Stock in connection with stock dividends, the establishment of strategic partnerships, the acquisition of any business, assets or technology, employee benefit plans and other proper corporate purposes. Except as otherwise required by applicable law, authorized but unissued shares of Common Stock may be issued at such time, for such purpose and for such consideration as the Board of Directors may determine to be appropriate, without further authorization by stockholders.

Accordingly, the Board of Directors has unanimously approved, and voted to recommend that the stockholders approve, an amendment to our Certificate of Incorporation pursuant to which the number of shares of Common Stock which the Company would be authorized to issue would be increased from 100,000,000 to 150,000,000 shares. If the amendment is approved by the stockholders, the Company intends to file an amendment to its Certificate of Incorporation substantially in the form attached hereto as Annex A (the Amendment) with the Delaware Secretary of State, as soon as reasonably practicable. The Amendment will become effective upon filing.

The additional shares of Common Stock, when issued, would have the same rights and privileges as the shares of Common Stock now issued. There are no pre-emptive rights relating to the Common Stock. Any issuance of additional shares of Common Stock would increase the number of outstanding shares of Common Stock and (unless such issuance was pro-rata among existing stockholders) the percentage ownership of existing stockholders would be diluted accordingly.

Once the Amendment is filed, the Board of Directors would be able to issue additional shares of Common Stock in its discretion from time to time, subject to the reservation requirements noted above and any applicable rules and regulations in the case of any particular issuance or reservation for issuance that might require the stockholders to approve such transaction. The newly authorized shares of Common Stock would be issuable for any proper corporate purpose, including, without limitation, those described above.

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Principal Effects on Outstanding Common Stock

The proposed increase in authorized Common Stock will not have any immediate effect on the rights of existing stockholders. However, to the extent that additional authorized shares are issued in the future, the issuances would have the normal consequences associated with increasing the number of shares of our Common Stock outstanding, including diluting existing stockholder net tangible book value and voting power. Our Common Stock does not have any preemptive right to purchase or subscribe for any part of any new or additional issuance of our securities.

Votes Required Procedure for Amendment

The affirmative vote of a majority of the shares of our Common Stock outstanding and entitled to vote at the meeting is required to approve the Amendment. If the proposal is approved, we intend to file the Amendment shortly after the meeting. However, the Board of Directors may abandon the Amendment without any further action by the stockholders at any time prior to the filing Amendment. The Amendment will be effective immediately upon acceptance of filing by the Delaware Secretary of State.

The Board of Directors recommends that you vote FOR approval of the amendment to our Certificate of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 150,000,000.

PROPOSAL NO. 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The audit committee has selected Grant Thornton LLP as independent auditors to audit our financial statements for the fiscal year ending December 31, 2011. Grant Thornton LLP has served as our independent auditors since 1996. A representative of Grant Thornton LLP is expected to be present at the annual meeting, with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent auditors is not required by our bylaws or otherwise. However, we are submitting the selection of Grant Thornton LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in our best interests.

The following table sets forth the aggregate fees billed to us for the fiscal years ended December 31, 2010 and 2009, by Grant Thornton LLP.

	Fiscal 2010	Fiscal 2009
Audit Fees(1)	\$ 135,350	\$ 141,800
Audit-Related Fees(2)		
Tax Fees(3)	11,653	9,875
All Other Fees(4)		

- (1) Audit fees represent amounts billed for each of the years presented for professional services rendered in connection with (i) the audit of our annual financial statements, (ii) the review of our quarterly financial statements, or (iii) those services normally provided in connection with statutory and regulatory filings or engagements including comfort letters, consents and other services related to SEC matters. This information is presented as of the latest practicable date for this proxy statement.
- (2) Audit-related fees represent amounts the Company was billed in each of the years presented for assurance and related services that are reasonably related to the performance of the annual audit or quarterly reviews.

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This category primarily includes services relating to internal control assessments and accounting-related consulting. Grant Thornton LLP rendered no such services during the last two years.

- (3) Tax fees represent amounts the Company was billed in each of the years presented for professional services rendered in connection with tax compliance, tax advice, and tax planning.
- (4) All other fees represent amounts the Company was billed in each of the years presented for services not classifiable under the other categories listed in the table above.

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent auditor and management are required to periodically report to the audit committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval.

Vote Required and Board of Directors Recommendation

Approval of this proposal requires the affirmative vote of a majority of the votes cast affirmatively or negatively on the proposal at the annual meeting of stockholders, as well as the presence of a quorum representing a majority of all our outstanding shares of common stock, either in person or by proxy. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF GRANT THORNTON LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011.

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REPORT OF THE AUDIT COMMITTEE

The audit committee oversees our financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. Grant Thornton LLP is responsible for performing an independent audit of our financial statements in accordance with generally accepted accounting principles in the United States and to issue a report on its audit.

During 2010, the members of the audit committee were Herbert L. Lucas, Jr. (Chair), Marylou W. Arnett, Wayne L. Pines, Jeffrey B. Reich, and Carl J. Johnson (until he was appointed Chairman of the Board in September 2010). The board of directors has determined that each member of the audit committee satisfies all applicable independence and experience requirements of the SEC for audit committee membership and that each of Mr. Lucas and Mr. Reich is qualified as an audit committee financial expert as defined by the SEC.

The audit committee acts pursuant to a written charter adopted by the board of directors. The audit committee retains our independent auditors, reviews their independence, reviews and approves any fee arrangements with our auditors, oversees their audit work, reviews and pre-approves any non-audit services that may be performed by them, reviews the adequacy of accounting and financial controls, reviews our critical accounting policies and reviews and approves any related party transactions.

The audit committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2010 with management and with our independent auditors. The audit committee has also reviewed and discussed with our independent auditors all matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The audit committee has met with Grant Thornton LLP, with and without management present, to discuss the overall scope of Grant Thornton LLP's audit, the results of its examinations, its evaluations of our internal controls, and the overall quality of our financial reporting.

The audit committee has received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Grant Thornton LLP's communications with the audit committee concerning independence, and has discussed with Grant Thornton LLP Grant Thornton LLP's independence.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the Company's audited financial statements be included our annual report on Form 10-K for the fiscal year ended December 31, 2010.

AUDIT COMMITTEE

Herbert L. Lucas (Chair)

Marylou W. Arnett

Wayne L. Pines

Jeffrey B. Reich

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Our executive officers are generally elected annually at the meeting of our board of directors held in conjunction with the annual meeting of stockholders. The following sets forth each of our current executive officers and information concerning his age and background as of April 1, 2011:

Name	Position	Age	Position Since
Stephen J. Turner	President and Chief Executive Officer	40	2009
Richard M. Levy	Executive Vice President and Chief Financial Officer	52	2005

Stephen J. Turner is our President and Chief Executive Officer. Mr. Turner was appointed President and Chief Executive Officer on August 28, 2009, and has worked for the Company since the fall of 1999 when he was primarily responsible for the commercialization and application of our CDT[®] platforms. In 2003, Mr. Turner was promoted to our Vice President and Chief Technical Officer. In addition to Mr. Turner's involvement in our growth and application of our technology platforms, he is named on one issued patent, has contributed to numerous additional patent filings, has published articles in industry related publications, and has presented his research findings at numerous academic seminars and symposia. Mr. Turner holds a B.S. in biology with a minor in geochemistry from Western Washington University and a MBA from the Foster School of Business at the University of Washington.

Richard M. Levy served as Interim Chief Financial Officer and Vice President of Finance commencing December 15, 2005 and was appointed Chief Financial Officer and Vice President of Finance on June 8, 2006. Mr. Levy was promoted to Executive Vice President in 2009. Mr. Levy has over twenty-seven years of experience in financial institutions as a Chief Financial Officer, Controller, consultant and auditor. Prior to joining the Company, Mr. Levy was the Corporate Controller for Safeco Insurance, and prior to that, the Chief Financial Officer for the Specialty Finance Segment and Corporate Controller for Washington Mutual Bank. Additionally, Mr. Levy worked for Bank of America for seven years. His experience at Bank of America included being the Senior Vice President and Controller of the company's Texas operations and included coordinating the accounting activities and acting as Chief Financial Officer for new acquisitions, including acquisitions of community banks and the transition process into a larger holding company. Mr. Levy graduated from the University of California, Santa Barbara in 1980 with a degree in Business Economics and Accounting. He has eight years of audit experience with Ernst & Whinney in San Francisco, California. His public accounting experience has included international operations, litigation support and internal control analysis for local community banks, money center banks, multinational holding companies and other financial institutions.

Table of Contents**EXECUTIVE COMPENSATION*****2010 Executive Compensation and Related Information***

For the fiscal year 2010, the Company had two named executive officers, Stephen J. Turner, our President and Chief Executive Officer and Richard M. Levy, our Executive Vice President and Chief Financial Officer.

2010 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation paid to or earned by each of our Named Executive Officers for the years ended December 31, 2010, 2009 and 2008.

Name and Principle							
Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$ (1))	Option Awards (\$ (1))	All Other Compensation (\$ (2))	Total (\$)
Stephen J. Turner President and Chief Executive Officer	2010	175,000				3,500	178,500
	2009	239,823(3)				10,792(6)	
	2008	252,788		12,225	271,291 114,643	3,875	521,906 383,561
Richard M. Levy Executive Vice President and Chief Financial Officer	2010	175,000				2,279	177,279
	2009	213,078(4)			241,185	26,018(5)	480,281
	2008	226,800					