



April 21, 2014

Dear Shareholder:

The enclosed document contains the Form 10-K of Retractable Technologies, Inc. (the "Company"). Important developments since January 1, 2013 include the following:

LITIGATION UPDATE

The Company continues to be blocked from access to the market by exclusive marketing practices engaged in by Becton Dickinson and Company ("BD") which dominates the Company's market. The Company initiated a lawsuit in 2007 against BD. The suit was for patent infringement, antitrust practices, false advertising, product disparagement, tortious interference, and unfair competition. The court severed the patent claims from the other claims. Full descriptions of these two lawsuits and one other lawsuit, also involving BD, may be found in the enclosed Form 10-K. Material developments in the two lawsuits stemming from the 2007 claims are below.

In the case addressing the patent infringement claims, the Federal Circuit determined that BD's 1mL Integra syringe violated the Company's patents but that BD's 3mL Integra did not infringe the Company's patents. On September 30, 2013, the Company received payment of \$7,724,826 (the "Judgment Amount") from BD pursuant to a stipulation. The stipulation provides that if, as a result of BD's appeal of the District Court's denial of BD's Rule 60(B)(5) motion, it is judicially determined that BD owes an amount less than the Judgment Amount, BD shall be entitled to restitution by the Company of any excess payment, with interest. Otherwise, the payment of the Judgment Amount shall constitute satisfaction of the patent infringement judgment and BD shall owe no further money damages to the Company in the patent infringement case. Oral argument on BD's appeal has been set for May 9, 2014. The Judgment Amount is only related to the patent infringement portion of the claims against BD. The Company has determined not to use the Judgment Amount to fund operations until a final judgment is obtained on appeal. In the enclosed Form 10-K, the Judgment Amount is included as cash on the balance sheet and shown as a liability on the balance sheet under "Litigation proceeds subject to stipulation".

On September 19, 2013, a Texas jury returned a verdict in the portion of the suit regarding antitrust and other claims, finding that BD illegally engaged in anticompetitive conduct with the intent to acquire or maintain monopoly power in the safety syringe market and engaged in false advertising under the Lanham Act. The jury awarded the Company \$113,508,014 in damages for the antitrust claim, which is subject to being trebled pursuant to statute. A final judgment in this matter has not been entered by the Court yet. The Company has not received the \$113,508,014 or any other amounts pursuant to the verdict in the aforementioned antitrust litigation against BD.

RESULTS

Domestic sales accounted for 80.7% and 75.4% of the revenues in 2013 and 2012, respectively. Domestic revenues decreased 2.1% principally due to lower average sales prices and lower volumes. Domestic unit sales decreased 0.8%. Domestic unit sales were 71.8% of total unit sales for 2013. International revenues decreased from \$8.3 million in 2012 to \$5.9 million in 2013, primarily due to lower sales volumes. Overall unit sales decreased 11.5%. The Company's international orders may be subject to significant fluctuation over time. Such orders may fluctuate due to health initiatives at various times, as well as economic conditions.

Cost of sales decreased \$2.0 million due to fewer units sold, mitigated by an increase in the Company's inventory reserve. Royalty expenses decreased \$217 thousand due to lower gross sales. Gross profit margins increased from 33.2% in 2012 to 33.5% in 2013.

Operating expenses increased 7.4% from the prior year due to the effect of the Medical Device Excise Tax, restoration of a previous company-wide wage cut, and additional sales personnel. The Company increased its reserve for valuation of inventory by \$530,000 primarily due to the likelihood that it will not use certain raw

materials in production. The Company's legal costs increased in 2013 due to increased patent expense mitigated by lower litigation costs.

Loss from operations was \$5.9 million in 2013 compared to an operating loss of \$3.9 million in 2012.

Cash flow from operations was \$2.9 million for 2013 due primarily to litigation proceeds subject to a stipulation (discussed above as the "Judgment Amount").

ANNUAL MEETING

The annual meeting will be held on September 5, 2014. Unless you have requested paper materials, you will not receive a Proxy Statement and proxy card in the mail. Instead you will receive a notice displaying an internet address where a copy of the Proxy Statement and related materials may be found and where you may vote your shares using an account number also displayed on the notice.

Thank you for your continuing interest and support of Retractable Technologies, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Shaw", written in a cursive style.

Thomas J. Shaw
President and Chief Executive Officer

Enclosure