Zacks Small-Cap Research

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CytoSorbents Cp (CTSO-OTCBB)

CTSO: Product Sales Jump, Momemtum Continues

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/04/2012
Current Price (11/08/13)	$0.11
Target Price	**$0.50**

OUTLOOK

CytoSorb was CE Marked in March 2011 and subsequently commenced its initial commercialization. Near-term game-plan is to build awareness to facilitate broader roll-out in Europe. FDA approval is a longer-term goal, the quest for which is now in the planning stage. Gov't contracts/grants that CTSO continues to score should benefit near-term revenue and cash flow as well as aid their awareness-building efforts, further increase visibility and credibility of the technology, and potentially expand the menu of potential applications of the device. Interest in and use of CytoSorb from key opinion leaders has recently accelerated. Early feedback is positive and encouraging. Investigator-initiated studies and ongoing dosing study will provide add'l data points, facilitate increased uptake, and support quest for U.S.-based study. U.S. pilot study recently approved by FDA.

As near-term revenue and contracts/grants are not expected to be significant enough to fund operations, CTSO will need to continue to raise capital on an ongoing basis which introduces meaningful risk. Despite certain risks, we feel the shares trade cheaper than warranted.

SUMMARY DATA

52-Week High	**$0.15**
52-Week Low	**$0.08**
One-Year Return (%)	**-1.63**
Beta	**1.23**
Average Daily Volume (sh)	**384,845**
Shares Outstanding (mil)	**243**
Market Capitalization ($mil)	**$27**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**N/A**
P/E using 2014 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**N/A**
Type of Stock	**N/A**
Industry	**Med Products**

ZACKS ESTIMATES

Revenue
(in '000 of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	17 A	116 A	605 A	604 A	1343 A
2013	371 A	292 A	881 A	966 E	2510 E
2014					5345 E
2015					15370 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	-0.01 A	-0.01 A	-0.01 A	-0.01 A	-0.03 A
2013	-0.01 A	-0.01 A	-0.01 A	-0.01 E	-0.03 E
2014					-0.03 E
2015					-0.01 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

Q3 Financials, Business Update

Q3 Financials: Strong Product Sales, Strong Gross Margin, Momentum Continues Into Q4….

CytoSorbents reported results for the third quarter ending September 30, 2013 on November 6th. Total revenue was $881k, an all-time record and ahead of our $704k ($175k product sales, $529k grant revenue) estimate . Of particular significance was that product sales, at $204k also set an all-time record, besting the previous record of $176k set in Q1 of this year. On the earnings/update call management indicated that product sales are remaining relatively strong and are carrying momentum into Q4. While we continue to expect that there's potential for some ongoing short-term volatility in product sales, we also believe that CytoSorbents' sales, education, and awareness building efforts have finally begun to lay at least the initial foundation for a certain level of base business. Importantly, the recent product sales growth is not coming at the expense of margins with product margins at a beefy 71% in Q3, up from the mid 40% level in 2012 and the low 60% level in the first half of the current year. Meanwhile, grant revenue was $677k which included receipts from both the DARPA grant as well as the U.S. Army Ph II SBIR grant.

Operating expenses were $1.1 million, compared to our $1.5 million estimate - although some of this difference is likely due to some R&D expense being captured in COGS related to the relatively substantial grant-funded activities. Net income and EPS were ($1.5) million and ($0.01) compared to our ($1.9) million and ($0.01) estimates.

CTSO exited the quarter with $2.4 million in cash and equivalents. Cash used in operating activities was $554k in Q3.

We think Q4 will be another relatively strong quarter with contribution from product sales (we ballpark $200k, which could be low given management's comments on the call) as well as from the DARPA grant, U.S. Army SBIR Ph II grant and the just scored NHLBI SBIR Ph I grant ($203k over 6 months) for HemoDefend.

Operational Update

Q3 was marked by several operational highlights including consummation of a distribution agreement with Biocon Ltd, India's largest biotech company with almost $470 million in annual sales. On the call management talked about their visions for this partnership which gives Biocon exclusive distribution rights of CytoSorb in India and affords the opportunity to market their products together as a total treatment for sepsis (sort of a one-two punch) in that country. Biocon's antibiotics, Imicelum and Penmer, can be used to target the primary infection and CytoSorb to treat the severe inflammation from cytokine storm. Management noted on the call that Biocon's reps are now undergoing sales training related to CytoSorb, will be calling on key accounts shortly and that they expect a revenue contribution from Biocon starting in Q4 of this year.

CytoSorbents is also beefing up their own internal sales force, noting that they expect to have 7 reps detailing in Europe by the current year-end, up from 4 currently. On the August business update call the company noted that their sales, penetration and utilization strategy had evolved from "casting a wide net" to one where they were now drilling down into different departments and to junior physicians within hospitals. While management did not provide specifics into the early results of this strategy on Wednesday's call, they did indicate that this is showing promise, that more hospitals and departments within hospitals are using the device and that additions to the sales force will help facilitate these efforts. The number of KOL's either interested in or actually using CytoSorb also continues to grow and now stands at over 100.

CytoSorbents also remains very active and focused on awareness building, which they view as a very important complement to their direct and distributor sales efforts. The company attended and presented at several key industry conferences in Q3 in both the U.S. and throughout Europe (including Germany, France and Austria). These have afforded both awareness building to potential customers as well as to potential partners - the latter which management noted continues to build momentum, for both CytoSorb and HemoDefend - and which they noted on the call they may have more to talk about towards the end of this year.

The company will be attending and sponsoring upcoming events as well and specifically noted that they will be holding "user meetings" - whereby they expect 15 or more speakers to present their experiences with using CytoSorb which will offer attendees first-hand feedback and should offer a compelling message about the utility of

CytoSorb treatment. In the same vein, CytoSorbents continues to build their case study database with additional success stories of how CytoSorb was introduced with critically ill patients with positive outcomes.

CytoSorb also provided an update on the other pillars to driving the message about CytoSorb's utility through real-world use, that is the investigator initiated studies and the European dosing study. There are now 26 investigator initiated studies in early stages, up from 18 a few months ago and three of these studies have begun enrollment. These studies will run a wide gamut of medical complications including sepsis, trauma, surgery, pancreatitis, organ failure and acute respiratory failure. The company expects to have initial data from some of these studies in the first half of 2014. Management also indicated that the European dosing study is progressing on-track, that safety appears good and that they expect to have preliminary data available by the current year-end.

And from a broader perspective, we think validation of the technology continues to be reinforced through an aggregate of the various early successes (albeit a number of which are somewhat intangible in nature) that CytoSorbents has had. These include growing the number of KOL's interested in the technology, growing the number of studies and physicians/hospitals using the device, case studies detailing successful intervention with CytoSorb, increasing product sales (although still insignificant this appears to be firming up), scoring more gov't grants including follow-on fundings, IRB approval for U.S. human pilot study, recent distribution agreements (including Biocon and WMC Medical) and presumed interest from potential partners for both CytoSorb as well as HemoDefend. As novel technologies such as CytoSorb and HemoDefend often necessitate confidence from several and often unrelated sources to facilitate acceptance, we view these early, small successes as meaningful progress towards driving adoption on a broader scale.

August Business Update Call

Additional details of the ongoing dosing study being conducted in Germany were announced in late August. The dosing study, results of which are expected to be used to initiate a pivotal study to support U.S. approval and provide additional support for ongoing commercialization in Europe, has now been expanded to eight clinical sites in Germany (at least 3 of which also participated in the European sepsis trial) - up from two sites initially. CTSO noted that while it took longer than expected to get the additional sites included in the study, that by expanding to more institutions that this should help to accelerate completion of the study - they expect to have at least interim data by the current year-end. The company noted that all sites are now eligible to begin patient enrollment. Treatment protocol was also released; dosing will be split between two arms - one for 24 hours of treatment over 7 days continuously, the other for 6 hours of treatment every day for up to 14 days or until clinical improvement.

As a reminder, treatment duration in the 47-patient European sepsis trial was for 6 hours per day for 7 days. That trial, performed at 14 sites in Germany showed that CytoSorb significantly reduced cytokines in patients with severe sepsis or septic shock. In two subgroups of patients (classified as being particularly high risk of death), CytoSorb-treated patients showed a statistically significant reduction in mortality. The dosing study was initiated to determine if increasing the treatment duration may yield even better results.

While the dosing study is designed to assess safety and preliminary efficacy only, the results are important for advancing to a U.S. regulatory pathway and could offer relevant insight into effectiveness - which could directly, and potentially very positively, impact demand and utilization in the currently commercialized countries. Depending on the success of this dosing study, results will be used to support initiation of a pivotal U.S.-based study which will be intended to be used to support an FDA filing - CTSO hopes to initiate this study in 2014.

CytoSorbents also held a business update in late August. While there were no particularly significant revelations revealed, management did offer some additional insight into their near-term commercialization and business development strategies. The tone of the call was clearly positive with management obviously optimistic about the chances for ultimate success of CytoSorb in the commercial marketplace. Reiterated were the themes that the list of key opinion leaders either using the device or interested in doing so continues to grow and that feedback from physicians using it remains highly positive.

Relative to commercialization of CytoSorb, management noted that while their initial sales strategy had focused almost exclusively on "cast(ing) a wide net" to broaden awareness and get hospitals and doctors interested in the device, that they are now also placing a greater emphasis on penetration within the critical departments which have already been introduced to the technology in order to increase adoption and utilization. Management indicated that while their sales efforts have been successful from the standpoint of getting physicians and hospitals interested in CytoSorb, that the next step, that being to drive utilization, has been more drawn out and, perhaps, more difficult than initially anticipated. The goal now is to ramp up efforts relative to utilization and get their message communicated not just to the key opinion leaders and department heads but also to the other senior and junior

critical care physicians. To facilitate this, management expects that they may need to add some headcount - although also reiterating that they will continue to use their financial resources wisely.

This deeper-penetration strategy has already commenced and is expected to result in continued y-o-y revenue growth from more re-orders. Management noted that Q3 has already seen "an encouraging level of activity" (Q3 results, which were announced in early Nov included record product sales were clearly indicative of this). Also noting that they have a handful of accounts that they expect to be able to talk more about in the future. Increased utilization also presumably means more positive real-world patient outcomes data and experiences - which will be key to further driving awareness and in accelerating the adoption process. Directly related to that, management noted on the call that they plan to establish a patient registry database where they will archive the successes of CytoSorb use in clinical practice - a small handful of which the company reported on previously.

Relative to business development, noteworthy is that CTSO is actively seeking strategic partnership opportunities for not only HemoDefend (which the company had talked about before) but also for CytoSorb. Management indicated that they have identified a number of potential partners for CytoSorb and are in late-stage discussions with about four or five. Specifics relative to the exact nature of the potential partnership or the companies involved in discussions were not offered although it's clear that increasing distribution of CytoSorb is a front-burner goal and management noted that their list of potential partners spans various industries and includes equipment manufacturers related to the ICU, cardiac surgery companies and large pharmaceutical companies. CTSO hopes to have at least one strategic partnership agreement in place by the end of the current year.

European Sepsis Trial refresher…
CytoSorbents' European Sepsis Trial showed that CytoSorb significantly reduced cytokines in patients with severe sepsis or septic shock in the setting of lung injury. The purpose of the trial, which was performed at 14 sites in Germany, was to demonstrate safety and statistically significant reduction of key cytokines such as interleukin-6 (IL-6) in patients with sepsis and respiratory failure. A secondary endpoint was reduction in mortality. Targeted enrollment was 100 patients, randomized to either treatment with CytoSorb for seven days plus standard of care (SOC) or only SOC (control). SOC included antibiotics, fluids, mechanical ventilation and other usual therapy consistent with the typical treatment of sepsis.

Taking into account all 100 patients, the treatment was well-tolerated with no serious device related adverse events reported in more than 300 human treatments in the trial. This is consistent with all studies to-date, which have shown no serious device-related adverse events in over 650 human treatments. Of the 100 patients enrolled, 4 ultimately withdrew, 22 were part of a sepsis pilot study, and 31 were used only for safety data due to a failure of the protocol for randomized enrollment at two trial sites that introduced bias into the trial and made the control and treatment arms not comparable. Safety and efficacy data were collected and analyzed on the remaining 43 patients (18 in treatment cohort, 25 control), most of which suffered from multiple organ failure. Of these patients, septic shock was present in 94% of treatment and 100% of control, acute respiratory distress syndrome in 67% of treatment and 56% of control, and renal failure in 39% of treatment and 24% of control. The 43-patient analysis showed CytoSorb statistically significantly ($p<0.05$) reduced circulating levels of key cytokines from whole blood on the average of 30%-50% over the 7 day treatment period. Specifically CytoSorb statistically significantly reduced the following cytokines; IL-6 by 49% ($p=0.01$), IL-1ra by 37% ($p=0.001$), MCP-1 by 50% ($p=0.002$), and IL-8 by 30% ($p=0.002$).

Additionally, an analysis of two subgroups of patients that were classified as being at high risk of death, specifically in patients with very high cytokine levels (IL-6 1,000 pg/mL and/or IL-1ra 16,000 pg/mL) and patients aged 65 and over, was done which showed a statistically significantly reduction in mortality in CytoSorb treated patients. In the high cytokine level group, 28-day mortality (28 days is widely accepted as the standard time mortality endpoint in sepsis studies) was 0% in the CytoSorb cohort versus 63% in the control cohort (statistically significant $p=0.03$, $n=14$: 6 treatment / 8 control). It also showed a trend (i.e. - potentially meaningful but not statistically significant) to benefit in fewer patients on mechanical ventilation at 28 days (33% treatment vs. 88% control) and fewer days in the ICU (24 days treatment vs. 28 days control). In the 65 and over group, 14-day mortality was 0% in the CytoSorb cohort versus 36% in the control cohort (statistically significant $p=0.04$, $n=21$: 10 treatment / 11 control) suggesting a potential protective effect with treatment. With only 7 days of treatment, the mortality benefit in this 65+ year-old subgroup was not significantly different at 28 days (40% treatment vs. 45% control), though trends to benefit were observed with fewer mechanically ventilated patients at 28 days (60% treatment vs. 73% control), and improvements in the MODS organ failure scores during treatment. CytoSorbents noted that although the trial protocol did not allow CytoSorb therapy beyond the 7-day treatment period, the company and its scientific advisors believe that a longer duration of treatment may have yielded even greater benefit.

Recent operational highlights include;

COMMERCIALIZATION

- Direct sales of CytoSorb commenced in Germany, Austria and Switzerland
- CTSO posted record product sales in Q3 2013. Mgmt noted momentum is continuing into Q4. Seeing more hospitals as well as more departments within hospitals using CytoSorb
- Distribution agreement with Biocon, Ltd signed in Q3 2013. Biocon is largest biotech in India. Affords potential to market Biocon's antibiotics with CytoSorb as a total treatment for sepsis (sort of a one-two punch) in that country. Revenue contribution from Biocon expected to start in Q4 of this year
- CTSO will beef up their internal sales force from 4 currently to 7 by year-end 2013 which will help facilitate their evolving strategy from one of "casting a wide net" to one where they are now drilling down into different departments and to junior physicians within hospitals to better drive sales and utilization
- Distribution agreement with WMC Medical for Netherlands signed in October 2013
- Agreement penned in May 2013 with L.IN.C Medical Systems to distribute CytoSorb in the U.K. and Ireland. In June CTSO signed agreement with Hiti Medical Systems for distribution in Turkey

VALIDATION / REGULATORY

- In June the FDA approved the first U.S. based human study of CytoSorb in critically ill patients - a significant milestone in our opinion
- CTSO recently noted that about 100 (up from 60 in just the last few months) key opinion leaders (KOL) are either using CytoSorb, want to use it or are planning to use it in clinical trials. As of November 2013 there were 26 investigator initiated studies in the early stages, this is up from 18 a few months earlier and three of these studies have begun enrollment. These studies will run a wide gamut of medical complications including sepsis, trauma, surgery, pancreatitis, organ failure and acute respiratory failure. The company expects to have initial data from some of these studies in the first half of 2014
- Relative to cardiac surgery, preliminary testing has been completed and the company believes this could be a real, potentially near-term opportunity for CytoSorb
- Dosing study (Europe) ongoing with more patients being enrolled. CytoSorb has been used for up to 24 hours over 7 days with no serious device related events reported. CTSO will expand the study to ten leading hospitals in Germany (currently 8). Data from the study is expected to be used to further supplement the data from the European Sepsis trial as well as support to shape protocol for a U.S. study. Preliminary data from this dosing study is expected by year end 2013
- CTSO recently noted that a number of case study reports have been borne from ongoing studies. The first published in Blood Purification in July. Others are being prepared and expected to be published in near-term. The company has started a database of these success stories and is now aggregating some of these case studies on their website
- Initial feedback from physicians using CytoSorb in clinical practice with critically ill patients, including those with septic shock and multiple organ failure (which includes the initial indications addressed by CytoSorb), have been encouraging with outcomes including a dramatic reduction in IL-6 levels (which was also an endpoint in the European Sepsis Trial), stabilized organ failure, and patient recovery
- Continuing to pursue U.S. regulatory approval pathway
- Initiation of work under the Phase II Small Business Innovation Research grant from the U.S. Army, worth up to $1 million. Initial revenue recorded for this grant in Q3 2013
- Awarded Phase I grant from NHLBI for HemoDefend worth $203k in September 2013.

AWARENESS-BUILDING

- Presentations, exhibitions and research talks at several scientific meetings. Anticipate this will continue and will also be supplemented by presentations by key opinion leaders which are using CytoSorb
- The company attended and presented at several key industry conferences in Q3 in both the U.S. and throughout Europe (including Germany, France and Austria) and will be attending and sponsoring upcoming events as well and specifically noted on the Q3 earnings call that they will be holding "user meetings" - whereby they expect 15 or more speakers to present their experiences with using CytoSorb which will offer attendees first-hand feedback and will potentially offer a compelling message about the utility of CytoSorb treatment.

- Two abstracts were accepted for presentation at the German Sepsis Society meeting in September. One, from the University of Ulm, Germany related to the first successful fungal sepsis case treated and, the other, from Trauma Hospital in Linz, Austria for the treatment of a septic shock patient with liver cirrhosis.
- In March CTSO exhibited at the International Symposium on Intensive Care and Emergency Medicine in Brussels, Belgium which attracted 6k participants. CTSO noted feedback and interest in CytoSorb from clinicians and potential new customers and distributors was overwhelmingly positive. In addition, there were two presentations related to CytoSorb;
    - Dr. Kellum (University of Pittsburgh Medical Center) presented on his findings from his recently published article in the journal, Molecular Medicine. His presentation, entitled "Reversing sepsis-induced immune suppression" was attended by more than 300 people
    - Dr. Schadler (Kiel University) presented his poster titled, "A multicenter randomized controlled study of an extracorporeal cytokine hemoadsorption device in septic patients"

- **PIPELINE**
    - HemoDefend: refined the filter which now allows a unit of blood to flow through in under a half-hour, within the requirements for blood transfusions. CTSO now working to reduce unit production costs including optimizing packaging
    - In August Dr. Chan made a presentation on HemoDefend at the Military Health System Research Symposium
    - Beads in a Bag: progress continues towards eventual commercialization. Beads in a Bag technology was the subject of CTSO's poster presentation at the 2012 American Association of Blood Banks conference
    - NHLBI grant provides add'l funding to progress development of HemoDefend and also provides add'l validation of the technology
    - CTSO indicated there is real interest in HemoDefend from potential partners, for both the Beads in a Bag as well as in-line filter configuration
    - ContrastSorb: CTSO's most recent pipeline candidate is being designed to prevent contrast-induced nephropathy (CIN), a condition that patients with compromised kidney function are susceptible to when undergoing procedures that require use of a contrast agent such as image-guided cardiology and certain radiology procedures. CIN has been estimated to be a ~$500 million/yr market. Current standard of care to address CIN, which is essentially indiscriminately flushes the contrast agent from the body, is often times ineffective. CTSO believes their ContrastSorb technology may be a more effective option to remove contrast agents from these high risk patients

OUTLOOK / RECOMMENDATION / VALUATION

Following its debut introduction at industry conferences in Europe during Q3 2011, the company began an incremental roll-out of CytoSorb in Germany targeting early adopters and looking to build greater awareness through investigator-led studies. While the device is now generating revenue, sales are expected to remain modest over the course of 2013 as CytoSorbents focuses the roll-out with their initial sales team, bringing on distribution partners, and increasing visibility of the device to influential industry leaders. Initial success of CytoSorb in Germany and throughout Europe will hinge on a number of factors, including sufficient reimbursement, the company's ability to drive awareness and, ultimately, interest from hospitals and critical care units.

We model very modest yet sequentially growing sales of CytoSorb in Germany and other parts of Europe during 2013, reflecting measured progress with implementation of the sales/marketing strategy. We model revenue in 2013 to come from a combination of government contracts (i.e. DARPA / US Army SBIR phase II) and product sales. We assume increased awareness and visibility of CytoSorb results in a greater rate of burgeoning interest materializing during the year as well as into 2014.

Our modeled revenue in 2014 and beyond includes mostly sales of CytoSorb (with a relatively small % contribution from contracts/grants). Assuming positive results from company-sponsored and investigator-led studies as well as supportive feedback from hospitals and critical care professionals, we think 2014 could be more of an inflection point for CytoSorb and mark the beginning of a significantly greater ramp in commercial sales.

Based on the current ambiguity relative to what the FDA will be looking for to support a potential future PMA submission and the real risk of delays (from a best-case-scenario launch in 2016), we do not incorporate any contribution from sales of CytoSorb in the U.S. until an assumed soft-launch sometime in 2017. We will update our assumptions if appropriate when there is more clarity on the U.S. regulatory strategy and related timelines.

Based on our 10-year DCF model, which uses a 15% discount rate to account for certain risks and uncertainties that CytoSorbents faces (several of which we detailed in our initiation report), the shares are valued at approximately $0.50. Our model and assumptions will be updated commensurate with news flow which could also influence the valuation. As it is now, we value the company at $0.50/share, implying upside to the current share price and reflecting our Outperform rating.

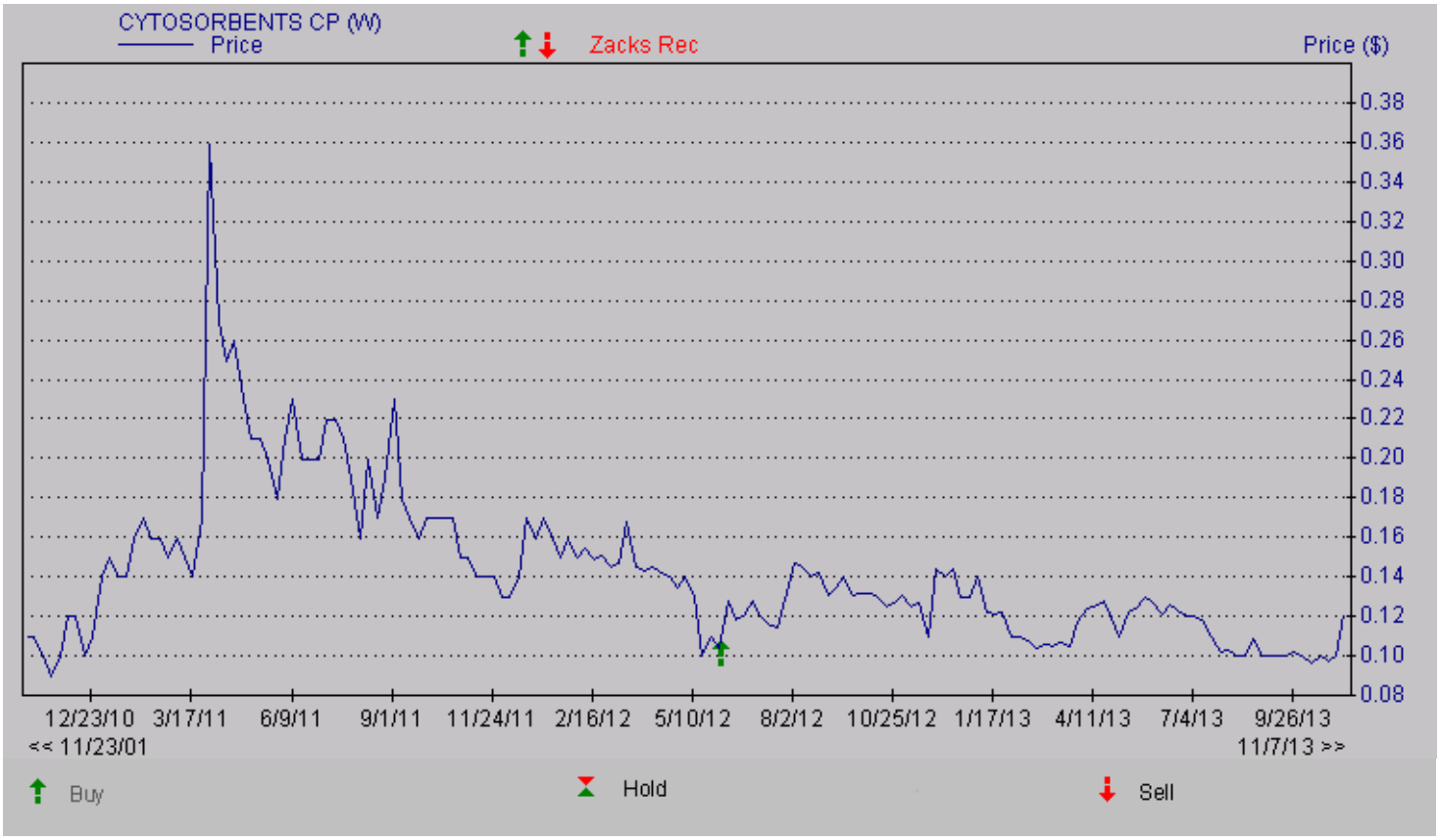
FINANCIAL MODEL

CytoSorbents Inc.

	2012 A	Q1A	Q2A	Q3A	Q4E	2013 E	2014 E	2015 E	2016 E
CytoSorb Sales	$151.6	$176.1	$128.0	$203.6	$200.0	$707.6	$4,300.0	$14,670.0	$24,260.0
y-o-y growth	-	*942.4%*	*287.3%*	*1388.1%*	*127.3%*	*366.8%*	*507.7%*	*241.2%*	*65.4%*
Total Royalties/Grants	$1,191.4	$195.2	$163.5	$677.1	$766.0	$1,801.9	$1,045.0	$700.0	$0.0
y-o-y growth	-	-	*96.2%*	*14.4%*	*48.3%*	*51.2%*	*-42.0%*	*-33.0%*	*-100.0%*
Revenue	$1,342.9	$371.3	$291.5	$880.7	$966.0	$2,509.5	$5,345.0	$15,370.0	$24,260.0
YOY Growth	-	*2098.1%*	*150.5%*	*45.5%*	*59.8%*	*86.9%*	*113.0%*	*187.6%*	*57.8%*
Cost of Goods Sold	$319.3	$253.5	$199.6	$620.6	$617.5	$1,691.2	$2,373.2	$6,190.6	$9,218.8
Gross Income	$1,023.6	$117.8	$91.9	$260.1	$348.5	$818.3	$2,971.8	$9,179.4	$15,041.2
Gross Margin	*76.2%*	*31.7%*	*31.5%*	*29.5%*	*36.1%*	*32.6%*	*55.6%*	*59.7%*	*62.0%*
SG&A	$1,982.0	$835.9	$790.6	$845.7	$850.0	$3,322.2	$6,062.0	$10,327.0	$13,558.0
% SG&A	*147.6%*	*225.1%*	*271.2%*	*96.0%*	*88.0%*	*132.4%*	*113.4%*	*67.2%*	*55.9%*
R&D	$2,532.4	$704.1	$708.2	$294.2	$585.0	$2,291.5	$5,650.0	$5,500.0	$3,800.0
% R&D	*188.6%*	*189.6%*	*243.0%*	*33.4%*	*60.6%*	*91.3%*	*105.7%*	*35.8%*	*15.7%*
Operating Income	($3,490.8)	($1,422.2)	($1,406.8)	($879.8)	($1,086.5)	($4,795.4)	($8,740.2)	($6,647.6)	($2,316.8)
Operating Margin	-	-	-	-	-	-	-	-	-
Total Other Expense	$564.4	$206.7	$8.1	$84.9	$100.0	$399.8	$90.0	$0.0	$0.0
Pre-Tax Income	($4,055.2)	($1,628.9)	($1,415.0)	($964.8)	($1,186.5)	($5,195.2)	($8,830.2)	($6,647.6)	($2,316.8)
Taxes (benefit)	($391.8)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Preferred Dividend	$2,511.5	$586.4	$616.5	$525.1	$645.0	$2,373.1	$1,500.0	$0.0	$0.0
Net Income	($6,174.9)	($2,215.4)	($2,031.5)	($1,489.9)	($1,831.5)	($7,568.3)	($10,330.2)	($6,647.6)	($2,316.8)
Net Margin	-	*-596.6%*	*-696.9%*	*-169.2%*	*-189.6%*	-	-	*-43.3%*	*-9.5%*
EPS	($0.03)	($0.01)	($0.01)	($0.01)	($0.01)	($0.03)	($0.03)	($0.01)	($0.00)
YOY Growth	-	-	-	-	-	-	-	-	
Diluted Shares O/S	198,228	222,969	231,583	242,512	250,000	236,766	380,000	520,000	550,000

Brian Marckx, CFA

HISTORICAL ZACKS RECOMMENDATIONS



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