Zacks Small-Cap Research

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David Bautz, PhD
312-265-9471
dbautz@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Ste 1600, Chicago, IL 60606

POZEN, Inc. (POZN-NASDAQ)

POZN: Shareholder Meetings Scheduled for December; Merger with Tribute Should be Completed by Year End…

Current Recommendation	**Buy**
Prior Recommendation	Hold
Date of Last Change	03/07/2007
Current Price (11/17/15)	$7.18
Target Price	**$13.50**

UPDATE

On November 9, 2015, Pozen, Inc. reported financial results for the third quarter of 2015 that ended September 30, 2015. Total revenues in the quarter were $5.8 million and consisted entirely of royalties from the sale of Vimovo®. The company reported a net loss of $8.2 million for the quarter, which was mainly driven by increased expenses associated with the upcoming merger with Tribute Pharma to create Aralez Pharmaceuticals.

Aralez's proxy statement on form S-4 was declared effective by the SEC on November 5, 2015. Both Pozen and Tribute have shareholder meetings scheduled for December and we expect the merger to be completed before the end of 2015.

SUMMARY DATA

52-Week High	**$12.44**
52-Week Low	**$5.70**
One-Year Return (%)	**-20.22**
Beta	**1.60**
Average Daily Volume (sh)	**601,500**
Shares Outstanding (mil)	**33**
Market Capitalization ($mil)	**$235**
Short Interest Ratio (days)	**4.42**
Institutional Ownership (%)	**51**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/M**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/M**
P/E using 2016 Estimate	**13.6**

Risk Level	**Average**
Type of Stock	**Small-Growth**
Industry	**Med-Drugs**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	7.5 A	7.4 A	7.5 A	9.9 A	32.4 A
2015	4.4 A	5.2 A	5.8 A	6.5 E	21.4 E
2016					42.5 E
2017					105.0 E

Earnings per Share
(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	$0.09 A	$0.09 A	$0.20 A	$0.21 A	$0.60 A
2015	-$0.00 A	-$0.50 A	-$0.25 A	$0.03 E	-$0.91 E
2016					-$0.28 E
2017					$0.14 E

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WHAT'S NEW

Financial Update

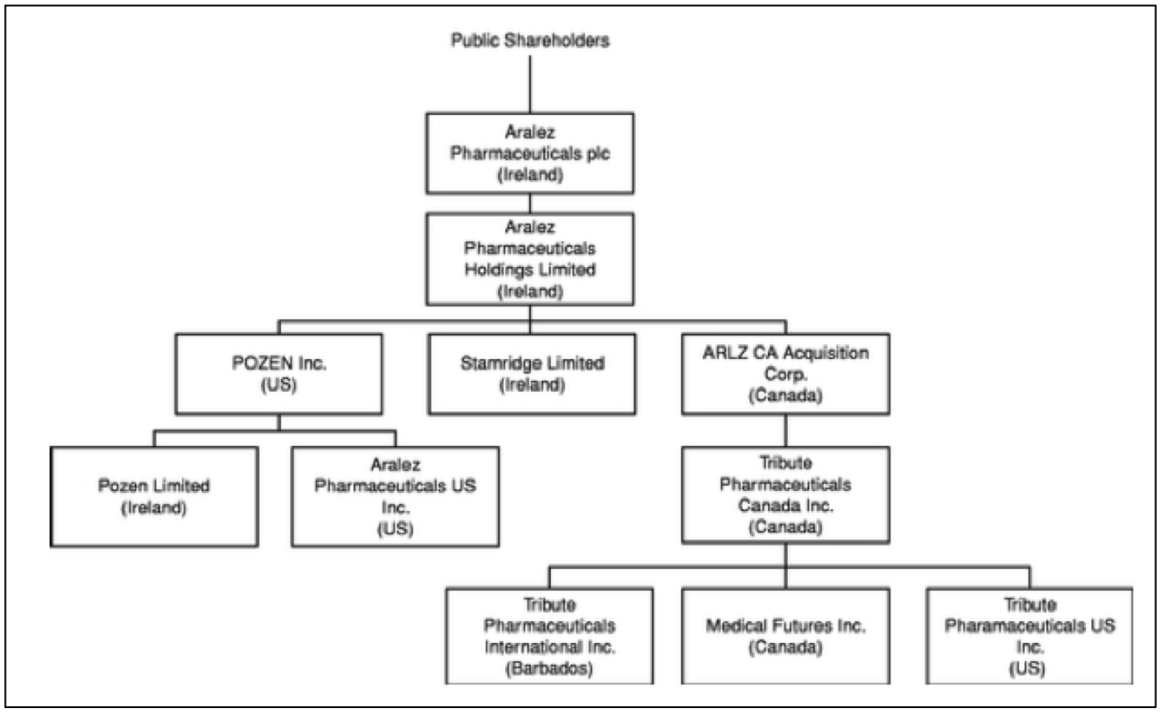
On November 9, 2015, Pozen, Inc. (POZN) announced financial results for the third quarter of 2015 ended September 30, 2015. Total revenues for the quarter were $5.8 million and were entirely composed of royalties received from the sale of Vimovo® in the U.S. by Horizon Pharma (HZNP) and outside the U.S. by AstraZeneca (AZN). Horizon recorded $46.8 million in revenue from sales of Vimovo® while AstraZeneca did not provide a breakdown of sales. Pozen did not report any licensing or collaborative revenue in the quarter since the YOSPRALA® licensing agreement with Sanofi U.S. was terminated in December 2014, and management recognized all remaining unamortized revenue in the fourth quarter 2014. As a result, total revenues were down 23% year-over-year.

Total operating expenses in the quarter totaled $14.0 million and consisted of $12.2 million in G&A and $1.8 million in R&D. G&A expenses were higher than the corresponding time period of 2014 due in part to $4.1 million in discrete costs, including $3.0 million in costs related to the upcoming merger.

Pozen exited the second quarter of 2015 with $37.0 million in cash and cash equivalents. The company will receive an additional cash infusion upon consummation of the planned merger with Tribute Pharma through the sale of $75 million in stock and an additional $75 million in convertible debt through an agreement with a number of leading healthcare investors including Deerfield Management, QLT, Inc., and Broadfin Capital, LLC.

Tribute Acquisition Remains on Track

Pozen is the final stages of closing the acquisition of Tribute Pharmaceuticals Canada, Inc. (TSX – TRV; OTC – TBUFF) with the resulting corporation, Aralez Pharmaceuticals, Ltd., being headquartered in Ireland. A breakdown of the company structure is presented in the following graphic:



Source: Aralez Pharmaceuticals

The deal is contingent upon approval by shareholders of both companies. The Securities and Exchange Commission (SEC) declared Aralez's proxy statement on form S-4 effective on November 5, 2015. Following this, Pozen and Tribute each scheduled shareholder meetings for December 10, 2015 and December 9, 2015, respectively. Upon approval, stock in Aralez will be distributed in a 1:1 fashion for Pozen shareholders, while shareholders of Tribute will receive 0.1455 shares of Aralez for each share of Tribute. Before factoring in the

financing that will occur upon closing of the deal (discussed below), stockholders of Pozen will own approximately 66% of Aralez while stockholders of Tribute will own approximately 34%. Pozen's management will take charge of Aralez, with Mr. Adrian Adams as CEO, and Aralez is expected to apply to list its shares on the Nasdaq (ARLZ) and the TSX (ARZ).

In conjunction with the acquisition (which we anticipate will close before the end of 2015), a group of leading healthcare investors, led by Deerfield Management, has committed up to $350 million in capital for Aralez to fund the anticipated commercial launch of YOSPRALA® and for "future acquisitions". The proposed investment in Aralez consists of $75 million in equity at a purchase price of $7.20 per share (10.4 million shares) and $75 million in 2.5% convertible senior secured notes (due in six years with a conversion price of $9.54 per share, or approximately 7.9 million shares). Thus, at closing the ownership distribution will be approximately 55%, 30%, and 15% for Pozen shareholders, Tribute shareholders, and Deerfield *et al*., respectively.

In addition to the $150 million to be invested in Aralez at closing, another $200 million in senior secured debt is available to the company to "fund future acquisitions". We believe this will translate into a number of deals that will transpire in 2016 and beyond to build Aralez into a company with a cardiovascular-based and North American focused portfolio of products. These deals are likely to focus on products that are already approved or very near approval that the company views as low-risk, high-value assets.

Aralez Overview

The strategy behind Aralez is that the company will become a cardiovascular focused specialty pharmaceutical company with support from a pain-focused franchise. We expect that the company will be centered on YOSPRALA®, once it is approved, which we believe will occur in 2016 (discussed further below). In the run-up to the launch of YOSPRALA®, the company will focus its efforts on increasing sales of Fibricor® in the U.S., which Tribute recently purchased from Sun Pharma and will begin promoting in the U.S. in the fourth quarter of 2015. Below we highlight the products that Aralez will market once the merger between Pozen and Tribute occurs.

Cardiovascular Products: YOSPRALA® is composed of a delayed-release aspirin and an immediate-release omeprazole intended for the secondary prevention of heart attack and stroke. For patients who have suffered a heart attack or stroke, taking daily aspirin has been shown to help prevent the occurrence a second heart attack or stroke. In the U.S., there are approximately 24 million secondary prevention patients, with approximately 70% of them taking daily aspirin. In addition, approximately 40% of prescribing physicians recommend that their patients take some form of gastric acid reducer. The reason for this is that daily use of nonsteroidal anti-inflammatory drugs (NSAIDs), such as aspirin, is associated with an increased risk of developing gastric ulcers, thus the addition of an agent that decreases stomach acid production, such as the proton pump inhibitor (PPI) omeprazole, is intended to decrease the chance for the development of ulcers. Pozen has previously shown that patients taking YOSPRALA® develop significantly fewer gastric ulcers than patients taking enteric-coated aspirin after six months of treatment (Whellan *et al*., 2014). Patent coverage for YOSPRALA® expires in Feb. 2023, with the potential for filed patent applications to extend protection to 2032.

Fibricor® is a unique formulation of fenofibric acid and is indicated as an adjunctive therapy to diet for the treatment of severe hypertriglyceridemia (triglycerides ≥ 500 mg/dL), to reduce elevated LDL cholesterol, total cholesterol, triglycerides, apolipoprotein B (Apo B), and to increase HDL cholesterol. Fenofibrate was originally sold by Abbott Labs (now AbbVie Pharmaceuticals) as TriCor, with peak sales in excess of $1 billion. AbbVie brought a blockbuster next-generation product, Trilipix (fenofibric acid) to the market as a follow-on to TriCor, but now 80% of the market for fenofibrate and fenofibric acid is generic. As a reminder, Tribute only just recently acquired Fibricor® from Sun Pharma in May 2015. Tribute paid $10 million for the rights to the product, which included $5 million upfront, $2 million due in November 2015, and $3 million due in May 2016. Trailing twelve-month sales of Fibricor ending April 30, 2015 totaled $4.7 million, and that was with little to no promotion by Sun Pharma. We believe Aralez will utilize approximately 20-25 sales representatives to promote Fibricor® to approximately 3,500 cardiologists and primary care physicians beginning in the fourth quarter of 2015. Patent coverage for Fibricor expires in Feb. 2027.

Bezalip® SR (bezafibrate sustained release) is one of Tributes largest products, with sales in Canada of around CND$6-7 million. Beyond Canada, the product is approved in approximately 40 countries around the globe, but not yet approved (or filed) in the U.S. Bezalip® SR is indicated as an adjunct to diet and other therapeutic measures for the treatment of mixed hyperlipidemia, a condition defined as the elevation of plasma cholesterol, triglycerides (TGs), or both, or a low high-density lipoprotein (HDL) level that contributes to the development of atherosclerosis. The 400 mg Bezalip® SR tablet is designed for sustained release such that only once-daily dosing is sufficient to

obtained therapeutic pharmacology. Tribute currently promotes Bezalip® SR with a 20-person primary-care focused sales force in Canada.

In addition to the products discussed above, Aralez will also have a synthetic beta-adrenergic blocker drug Visken® (approved in Canada) for hypertension and angina along with a combination product that includes the active ingredient in Visken® (pindolol) with a diuretic agent hydrochlorothiazide under the brand name Viskazide® (approved in Canada).

As a reminder, the New Drug Application (NDA) for YOSPRALA® was originally filed in March 2013. On August 25, 2014, Pozen received a complete response letter (CRL) from the FDA, noting that deficiencies were found during an inspection of the facility that manufactures the active ingredient of YOSPRALA®. The supplier responded to the FDA and on June 30, 2014 the NDA was resubmitted. On December 17, 2014, Pozen received a second CRL, which contained identical wording to the first CRL. YOSPRALA® cannot be approved until there is satisfactory resolution to the deficiencies noted in the CRL. The active ingredient supplier is currently working to correct those deficiencies, and in the mean time Pozen is looking for a second supplier in case the deficiencies with the first supplier cannot be cleared up. At this point it is unclear whether after re-filing the NDA Pozen will receive a Class-1 (two month) review or a Class-2 (six month) review, however the use of a new active ingredient supplier would likely result in a Class-2 review. Regardless, we anticipate that YOSPRALA® will be approved in 2016.

Pain Products: Vimovo® is composed of the NSAID naproxen and the PPI esomeprazole, with the theory behind the drug identical to that of YOSPRALA®. Aralez will continue to collect royalties on sales of Vimovo® in the U.S. from Horizon and outside the U.S. from AstraZeneca. Patent coverage for Vimovo® expires in the U.S. in Oct. 2031.

Durela® is an extended release tramadol product with sales in Canada of approximately CND$1.5 million. Tribute acquired Durela® when the company closed on the Medical Futures acquisition just announced on June 17, 2015. Penetration rates for Durela® in Canada are extremely low and offer significant upside should Aralez management be able to improve uptake of the drug. The drug is patent protected in Canada until October 2022. We believe peak Durela® sales are approximately CND$5 million.

Cambia® (diclofenac) is the primary growth driver of the Canadian business at Tribute Pharma. The product was approved back in March 2012, but recently prescriptions have been accelerating thanks to new Canadian Headache Society (CHS) guidelines published back in October 2013 recommending the product as first-line therapy for migraine attacks where OTC products fail. This puts Cambia® ahead of triptans such as Maxalt®, Imitrex®, and Zomig®. Tribute (in collaboration with the CHS and KOLs) has developed and disseminated a national continuing education program based on the CHS guidelines to help drive awareness and uptake of Cambia®. The drug is patent protected in Canada until May 2017.

Tribute acquired the Canadian rights to Fiorinal® and Fiorinal® C in October 2014. The products are indicated for the relief of tension-type headache and would be easy to co-promote with Cambia®.

We remind investors that Pernix Pharma now has the U.S. rights to Pozen's Treximet® (naproxen + sumatriptan), one of the leading triptan products on the market for acute migraine. Aralez still owns the ex-U.S. rights to Treximet, called MT-400, which may make a nice complement to Cambia® or Fiorinal® / Fiorinal® C in Canada. If Aralez did decide to move forward with developing MT-400 in Canada, we believe the company would offer the best migraine/headache product suite for active promotion, and could see incredible synergistic uptake of all three products thanks to established awareness and strong KOL relationships.

Other Products: Other important drugs that Aralez will offer include Soriatane® (acitretin) in Canada for the treatment of severe psoriasis, Collatamp® G (gentamicin-impregnated collagen) for post-operative infection, Bilastine® (antihistamine) in Canada for allergic rhinitis and urticaria, Proferrin® for iron deficiency, and Resultz® (50% isopropyl myristate) for the treatment of head lice.

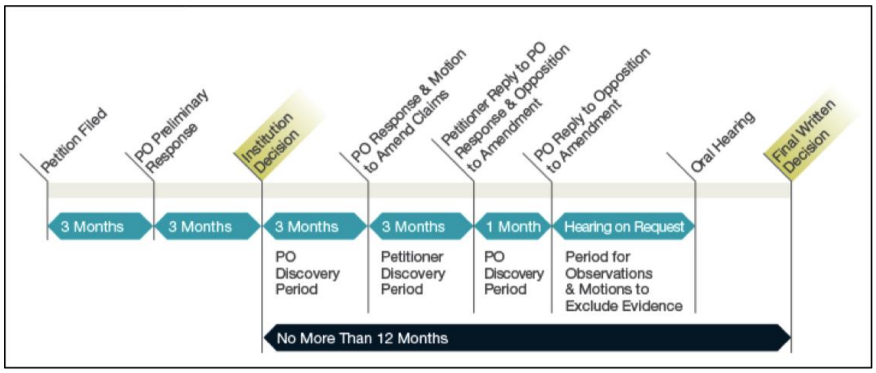
Tribute acquired the rights to Proferrin® via the Medical Futures acquisition in June 2015. Proferrin® is an iron supplement made up of heme iron polypeptide naturally sourced from bovine hemoglobin. The product is designed to provide high absorption of iron with low incidences of side effects commonly associated with iron treatments, such as cramping and constipation. Medical Futures was privately-owned prior to the acquisition by Tribute last month, so exact financials are not available; however, we have been told that sales of Proferrin® in Canada were about CND$4 million for the trailing twelve months. We believe Tribute will merge the Medical Futures sales force in with its own to promote the aforementioned products.

Resultz® (50% isopropyl myristate topical solution) was also acquired from Medical Futures. The product is indicated for the treatment of head lice infestations in individuals 2 years and older. Resultz® is a unique, non-toxic/pesticide free, patent protected, topical solution which is available without a prescription in pharmacies across Canada. Resultz® treatment for head lice infestations is simple and consists of only 1 to 2 applications to achieve efficacy. The drug is patent protected in Canada until Apr. 2023.

Tribute also has worldwide rights to NeoVisc® for osteoarthritis and Uracyst® for interstitial cystitis. Having two products on the market in Europe will certainly help should the company look to commercialize Yosprala® or MT-400 in the EU, or look to acquire the EU rights to Vimovo® from AstraZeneca.

Coalition for Affordable Drugs Files IPR Petitions Against Pozen and Horizon

The Coalition for Affordable Drugs (CFAD) has filed petitions for *Inter Partes* Review (IPR) of three of Pozen's U.S. Patent's related to Vimovo® (Nos. 6,926,907, 8,858996, and 8,852636) as well as one owned jointly by Horizon and Pozen (No. 8,945,621) with the Patent Trials and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO). The IPR was instituted with the America Invents Act of 2011 to replace the *inter partes* reexamination, which up until that time was one of two methods for reexamination of a patent. However, reexamination had earned a reputation for taking a long time to finish and often with results that were ambiguous. The hope with establishing IPR was that a patent review would go quickly and involve the PTAB in the first instance, rather than on appeal as with *inter partes* reexamination. The timeline for IPR is indicated below:



Source: fishpostgrant.com

J. Kyle Bass, the hedge fund billionaire most famous for predicting the subprime mortgage crisis in 2008, established the CAFD (a wholly owned subsidiary of Bass' Hayman hedge fund) to challenge patents owned by several publicly traded pharmaceutical companies in an attempt to invalidate patents they viewed as being improperly granted, and thus pave the way for generics of the targeted drugs and lower drug costs. In addition to filing IPR petitions, CAFD takes short positions in the company's stock that they are targeting, thus attempting to profit off a decline in a company's stock price upon notice of the IPR petition or the successful invalidation of the company's patent. As of November 9, 2015, CAFD has filed 33 IPR petitions against a total of 11 pharmaceutical companies. Thus far, decisions have been returned on 13 of those petitions, with seven of them being instituted (meaning a hearing will be held to determine the validity of the challenged patent) and six have been denied institution (meaning a hearing will not be held, pending an appeal by the CAFD).

Case Number	Filing Date	Institution Decision Date	Patent Number	Application Number	Petitioner	Patent Owner	Status	Tech Center
IPR2015-00720	2/10/2015	8/24/2015	8663685	13187158	Coalition for Affordable Drugs (ADROCA) LLC	Acorda Therapeutics	Not Instituted	1600
IPR2015-00817	2/27/2015	8/24/2015	8007826	11010828	Coalition for Affordable Drugs (ADROCA) LLC	Acorda Therapeutics	Not Instituted	1600
IPR2015-00988	4/1/2015	10/7/2015	6773720	10009491	Coalition For Affordable Drugs II LLC	Cosmo Technologies	Instituted	1600
IPR2015-00990	4/1/2015	10/23/2015	7056886	09750022	Coalition for Affordable Drugs II LLC	NPS Pharmaceuticals	Instituted	1600
IPR2015-01018	4/6/2015	10/15/2015	7895059	12704097	Coalition for Affordable Drugs III LLC	Jazz Pharmaceuticals	Not Instituted	3600
IPR2015-01076	4/20/2015	10/19/2015	8754090	13340522	Coalition for Affordable Drugs IV LLC	Pharmacyclics, Inc.	Not Instituted	1600
IPR2015-01086	4/22/2015	10/27/2015	8759393	13040914	Coalition For Affordable Drugs V LLC	Biogen International	Not Instituted	1600
IPR2015-01092	4/23/2015	10/27/2015	6045501	09143569	Coalition For Affordable Drugs VI LLC	Celgene Corporation	Instituted	3700
IPR2015-01093	4/23/2015	10/23/2015	7056886	09750022	Coalition for Affordable Drugs II, LLC	NPS Pharmaceuticals	Instituted	1600
IPR2015-01096	4/23/2015	10/27/2015	6315720	09694217	Coalition for Affordable Drugs VI LLC	Celgene Corporation	Instituted	3700
IPR2015-01102	4/23/2015	10/27/2015	6315720	09694217	Coalition for Affordable Drugs VI LLC	Celgene Corporation	Instituted	3700
IPR2015-01103	4/23/2015	10/27/2015	6315720	09694217	Coalition for Affordable Drugs VI LLC	Celgene Corporation	Instituted	3700
IPR2015-01136	5/1/2015	9/2/2015	8399514	13372426	Coalition for Affordable Drugs V LLC	Biogen MA Inc.	Not Instituted	1600
IPR2015-01169	5/7/2015		5635517	08690258	Coalition for Affordable Drugs VI LLC	Celgene Corporation	Pending	1600
IPR2015-01241	5/21/2015		6926907	10158216	Coalition for Affordable Drugs VII LLC	POZEN Inc.	Pending	1600
IPR2015-01344	6/5/2015		8858996	14244471	Coalition for Affordable Drugs VII LLC	Pozen Inc.	Pending	1600
IPR2015-01680	8/7/2015		8852636	14045156	Coalition for Affordable Drugs VII LLC	Pozen Inc.	Pending	1600
IPR2015-01718	8/12/2015		8945621	12822612	Coalition for Affordable Drugs VII LLC	Pozen Inc	Pending	1600

Retrieved Nov. 9, 2015 from ptabtrials.uspto.gov

Pozen has indicated that it will vigorously defend any challenges against the company's IP, and at this point we don't believe that the challenges to Pozen's patents will end up being successful, however it's important for investors to at least be aware of what is occurring. The petitions challenging Pozen's patents were filed between May 21 and June 12, 2015, and since a decision on instituting a challenge is supposed to occur within six months of filing the petition, we should hear within the next month or so whether any of those challenges are instituted. One thing to note about instituted challenges is that a 2014 review in the University of Chicago Law Review showed that since IPR was implemented, petitioning parties have been highly successful in getting challenged patent claims invalidated if the challenge is instituted (Love and Abwani, 2014). The review showed that of the 160 IPRs with decisions on merit, 78% resulted in all instituted patent claims being invalidated or disclaimed. Thus, at least for the first two years of the program, parties who were able to have their IPRs instituted were extremely successful in having the challenged patent claims invalidated. At this point, we simply advise investors to keep track of the IPR petition decisions involving Pozen and Horizon.

Conclusion and Recommendation

The specialty pharmaceutical sector has been hit hard recently by a renewed interest in trying to bring drug prices under control. This was spurred by Hillary Clinton's drug pricing proposal, the controversy surrounding Turing Pharmaceuticals increasing the price of Daraprim® from $13 to $750 per pill, and the increased scrutiny afforded to the pricing practices of companies such as Valeant (VRX). Due to this, Pozen's stock price has fallen from approximately $10 on Sep. 16 to a current price of $6.85. In our opinion this is an overreaction, particularly since Aralez's business strategy will not be predicated on price increases driving growth. In addition, there is unlikely to be any serious attempt at price controls on pharmaceuticals in this country in the foreseeable future. Thus, the current environment could represent a meaningful opportunity to establish or add to a position in Pozen with good upside available once the merger with Tribute goes through.

For modeling purposes, we are anticipating that Aralez will be promoting YOSPRALA® in the U.S. as opposed to partnering the drug and collecting royalties, and we are estimating an approximately 55% operating margin. We believe there are approximately 24 million Americans who would be eligible for secondary treatment with daily aspirin. Of those, approximately 70% of patients are currently on aspirin and represent the target population for YOSPRALA®. The company is planning to initially target those patients through the use of an approximately 100 person sales force targeting the top 20% of secondary prevention specialists. Over time, this sales force could increase to 300, which would target approximately 40% of the market. In the end, we think YOSPRALA® is a potential $300-350 million drug in the U.S.

Based on our modeling for products like Bezalip® SR, Cambia®, Fibricor®, Proferrin®, and the remaining assets at Tribute, we believe Tribute is worth approximately $175 million. This is slightly above the original $146 million deal price, as we believe synergies across the two portfolios will be great and profits will be higher given the lower tax rate (eventually heading to the low 20's) stemming from moving the headquarters to Ireland. Our current model gives a net present value for Pozen of approximately $440 million, or just over $13 per share.

Looking ahead to Aralez's worth after the merger, when we combine the valuation for Pozen ($440 million) and Tribute ($175 million) we arrive at a combined valuation of $615 million. Adding in the cash to be received at closing from Deerfield of $75 million gives a net present value of $690 million. The basic share count for Aralez after the merger should be on the order of 61 million shares (32.4 million from Pozen shareholders, 18.4 million from Tribute shareholders, and 10.4 million from Deerfield equity purchase). This equates to a target price of just over $11 per share.

PROJECTED FINANCIALS

Pozen, Inc.
Income Statement

Pozen, Inc.	2013 A	2014 A	Q1 A	Q2 A	Q3 A	Q4 E	2015 E	2016 E	2017 E
Treximet / MT400 (royalty)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Vimovo (sales)	$91.0	$243.6	$51.3	$39.8	$46.8	$62.0	$199.9	$225.0	$200.0
Vimovo (royalty)	**$6.3**	**$21.1**	**$4.4**	**$5.2**	**$5.8**	**$6.0**	**$21.4**	**$22.5**	**$25.0**
YOY Growth	*30.4%*	*234.3%*	*-3.2%*	*-4.0%*	*5.1%*	*6.6%*	*1.4%*	*5.0%*	*11.1%*
Yosprala	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20.0**	**$80.0**
YOY Growth	-	-	-	-	-	-	-	-	-
Licensing / Development	**$4.0**	**$11.3**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0.0**	**$0.0**
Total Revenues	$10.3	$32.4	$4.4	$5.2	$5.8	$6.0	$21.4	$42.5	$105.0
YOY Growth	*93.0%*	*213.8%*	*-41.7%*	*-29.9%*	*-22.8%*	*-39.3%*	*-33.9%*	*98.4%*	*147.1%*
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0	$4	$8
Product Gross Margin	*100.0%*	*100.0%*	-	-	-	-	*100.0%*	*90.6%*	*92.4%*
SG&A	$17.2	$10.1	$3.3	$18.2	$12.2	$18.0	$51.7	$60.0	$75.0
% SG&A	*166.3%*	*31.1%*	*74.1%*	*349.8%*	*209.7%*	*300.0%*	*241.1%*	*141.2%*	*71.4%*
R&D	$9.9	$5.7	$1.0	$2.3	$1.8	$1.1	$6.2	$6.5	$7.0
% R&D	*96.3%*	*17.7%*	*22.3%*	*44.3%*	*31.0%*	*18.3%*	*28.9%*	*15.3%*	*6.7%*
Operating Income	($16.8)	$16.6	$0.2	($15.3)	($8.2)	($13.1)	($36.4)	($28.0)	$15.0
Operating Margin	*-162.6%*	*51.2%*	*3.6%*	*-294.1%*	*-140.8%*	*-218.3%*	*-170.0%*	*-65.9%*	*14.3%*
Interest Income / Net	$0.1	$3.1	($0.2)	$0.0	$0.0	$0.0	$0.1	$0.1	$0.1
Pre-Tax Income	($16.7)	$19.7	($0.0)	($15.3)	($8.2)	($13.1)	$36.3	$27.9	$15.1
Taxes	$0	$0	$0	$1	($0)	$0	$0	($8)	$4
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*30%*	*28%*
Net Income	($16.7)	$19.7	($0.0)	($16.3)	($8.1)	($13.1)	($36.3)	($19.5)	$10.9
YOY Growth	*-33.9%*	*-217.8%*	-	-	-	-	*-284.6%*	*-46.2%*	*-155.7%*
Net Margin	*-161.9%*	*60.7%*	*-0.6%*	*-313.0%*	*-140.0%*	*-218.0%*	*-169.6%*	*-46.0%*	*10.4%*
Reported EPS	($0.55)	$0.60	($0.00)	($0.50)	($0.25)	($0.21)	($0.91)	($0.28)	$0.14
Fully Diluted Shares	30.4	32.8	32.3	32.4	32.7	62.4	40.0	70.0	80.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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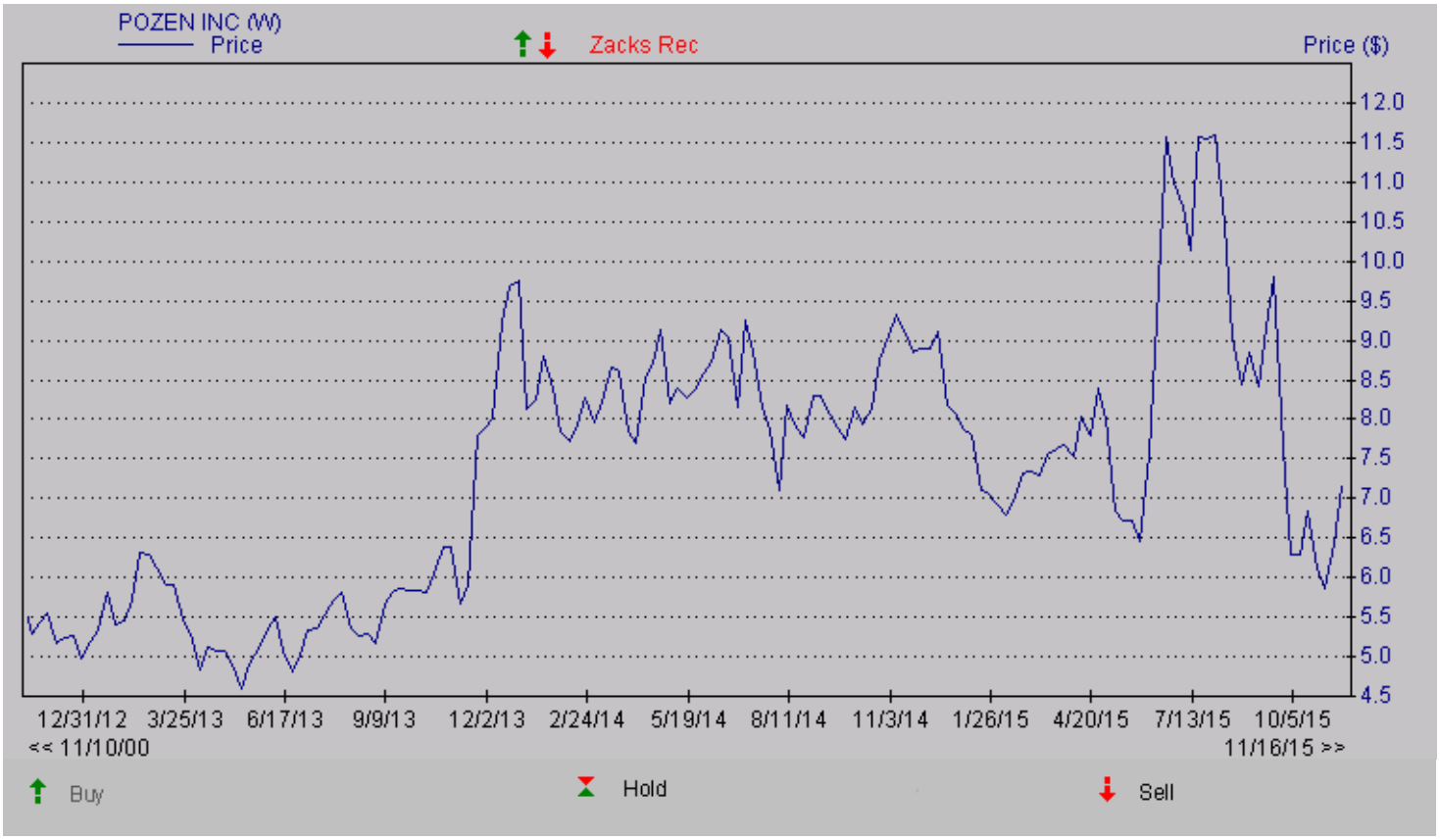
HISTORICAL ZACKS RECOMMENDATIONS



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