Zacks Equity Research

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Pressure BioSciences Inc. (PBIO-NASDAQ)

PBIO: Unique sample preparation technology with broad applications-- Outperform

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	08/18/2010
Current Price (11/03/10)	$1.63
Six- Month Target Price	**$5.00**

OUTLOOK

Pressure BioSciences (PBI) is a research products and services provider for the life science industry. We are impressed and optimistic about the Company's novel, enabling platform technology pressure cycling technology (PCT) which has competitive advantages over existing technologies in the sample preparation market. PCT is increasingly gaining recognition by research labs and user adoption will accelerate in the coming years due to the focused marketing efforts by the Company. We view the current share price as undervalued and our six to twelve-month price target is $5.00.

SUMMARY DATA

52-Week High	**$1.93**
52-Week Low	**$1.11**
One-Year Return (%)	**6.21**
Beta	**2.37**
Average Daily Volume (sh)	**16,046**
Shares Outstanding (mil)	**6.2**
Market Capitalization ($mil)	**$9.5**
Short Interest Ratio (days)	**0.84**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**41**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**62.9**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2010 Estimate	**N/A**
P/E using 2011 Estimate	**N/A**
Zacks Rank	**3**

Risk Level	**High,**
Type of Stock	**Small-Value**
Industry	**Med Instruments**
Zacks Rank in Industry	**24 of 38**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2009	0.31 A	0.27 A	0.32 A	0.35 A	1.24 A
2010	0.29 A	0.40 A	0.43 E	0.45 E	1.57 E
2011					2.00 E
2012					3.52 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2009	-$0.33 A	-$0.39 A	-$0.35 A	-$0.35 A	-$1.42 A
2010	-$0.49 A	-$0.35 A	-$0.36 E	-$0.34 E	-$1.52 E
2011					-$1.38 E
2012					-$1.16 E

Zacks Projected EPS Growth Rate - Next 4 Years % **N/A**

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WHAT'S NEW

Pressure Cycling Technology: Continued Push Into New Applications Will Ultimately Translate Into Additional Top Line Growth

Since we initiated our coverage of Pressure BioSciences, Inc. (PBI), the Company has been making great progress in expanding its current applications to new customers, and also in pushing its key platform technology, pressure cycling technology (PCT), into new application areas.

Forensic Applications: In an October 26, 2010 news release, PBI announced two independent scientific presentations at the 21st International Symposium on Human Identification. These two presentations, made by two of the most well-known and respected investigative and academic forensics laboratories in the US, have provided further evidence that the Company's lead sample preparation technology: pressure cycling technology (PCT), offers an improved method for the extraction of DNA in the analysis of forensic evidentiary samples.

One study, *Pressure Cycling Technology (PCT): Applications for Forensics DNA Analysis*, was presented by Ms. Pam Marshall, MS, et al., from the Institute of Investigative Genetics, Department of Forensics and Investigative Genetics at the University of North Texas Health Science Center (UNTHSC), Fort Worth, Texas. Data from this study showed an increase in DNA yield from forensic swab samples prepared with PCT compared to samples prepared without PCT. These results confirmed and extended the data presented by UNTHSC scientists at the 20th Human Identification Meeting in October 2009 and at the Harvard Medical School Symposium on High Pressure in May 2010, where data were presented that showed significant improvements in DNA yield from challenging forensic samples using PCT.

The second study was presented by Dr. Bruce R. McCord and Ms. Deepthi Nori, MFS from the International Forensic Research Institute (IFRI), Department of Chemistry and Biochemistry, Florida International University (FIU). The presentation was entitled *Application of Pressure Cycling Technology (PCT) in Differential Extraction.* In this study, the authors adopted a unique extraction protocol which uses PCT to differentially extract DNA from sperm and vaginal epithelial cells. This novel method has the potential to lead to better identification of criminals involved in sexual assaults.

Our immediate take-away from the two studies is that PBI's PCT sample preparation platform technology is a better method to apply to the forensic field. One major bottle neck in forensic sample preparation is the tiny amount of DNA at the crime scene. Therefore, methods used for sample preparation must have a high yield. Pressure Biosciences' PCT technology seems to be the choice. The data presented by these two groups is additional confirmation that PCT can improve the detection of DNA in challenging forensic samples. These methods can be used by forensic laboratories and criminal justice agencies worldwide to better identify missing persons or perpetrators of violent crimes.

Agricultural Applications: We also noticed a front page story from the October 26 issue of Wall Street Journal. The article was entitled: *After Housing Bust, Orange Die-Off by Adam Cancryn.* In this article and recent reports from other media, a citrus disease called Huanglongbing (HLB) disease and its vector, the Asian citrus psyllid (ACP), have been reported as a direct threat to the nation's multi-billion-a-year citrus industry especially in Florida and California.

Citrus Huanglongbing (HLB) is a very serious bacterial disease that is adversely affecting citrus groves worldwide. The disease has already been responsible for the significant decrease in citrus production in many countries in Asia, Africa, the Arabian Peninsula, and Brazil. In 2005, HLB was discovered in Florida. HLB disease affects all of the main types of citrus, has no known cure, can greatly reduce fruit production, is spread through an insect called a citrus psyllid, and can ultimately kill citrus trees. If unstopped, the potential economic impact to the multi-billion dollar citrus industry of the US and the rest of the world could be devastating.

Huanglongbing is caused by three species of Ca. Liberibacter. Diagnosis of the disease is reliant on real-time PCR (RT-PCR). Detection of the pathogen is complicated, especially from small survey samples, because of low titer and uneven distribution of the bacterium throughout the infected plant and the complex nature of the plant tissue from which it is extracted. Cultured cells of Ca. Liberibacter species are also difficult to disrupt for efficient DNA extraction.

Scientists from U.S. Department of Agriculture (USDA) laboratories have found that PCT has demonstrated a yield of double-stranded HLB DNA that was at least 10 times greater than any other DNA extraction method tested. The extracted DNA was of very high quality, and this should support the effective sequencing of the genome of the HLB bacterium. Genome sequencing is a very important step in gaining a better understanding of a disease and potential disease resistant mechanisms.

These findings indicate that PCT can be very useful in the laboratory analysis of HLB, and consequently may play an important role in the development of new procedures for diagnosing and controlling HLB. PCT has also been used in other agricultural applications. These findings help support the Company's goal of developing multiple PCT uses in the agricultural area in an effort to help to make PCT the method of choice for the standardization of sample preparation for agricultural applications

Oil Spill Clean-up: In a news release dated on August 23, 2010, PBI announced a collaboration with the Lawrence Berkeley National Laboratory (LBNL).

Scientists at LBNL are using PBI's pressure cycling technology (PCT) platform in studies aimed at improving the analysis of microorganisms in environments with low biomass, such as oil reservoirs or deep sea oil plumes from oil spills. It is possible that improved microbe analysis may lead to better strategies for oil spill clean-up. LBNL's successful use of PBI's PCT-based products over the past few months has led to this collaboration. PBI has installed three additional NEP3229 PCT Sample Preparation Systems (PCT SPS) at LBNL under an initial, six-month reagent rental program, to be used alongside of their recently purchased NEP3229 PCT System. PBI will also provide technical support for the use the Company's PCT SPS at LBNL.

We believe the collaboration between LBNL and PBI may open up a brand new application area for PBI's PCT platform: oil spill clean-up. Oil spill is a worldwide problem for the environment. Since 1967, there have been nearly 50 major oil spills in 19 countries, many of which were designated as "environmental disasters". The effects of an oil spill -- no matter the size -- can be devastating on both marine and coastal life. Consequently, rapid and effective clean-up, based in part on a thorough understanding of the biological changes, effects, and consequences of an oil spill, is essential to help minimize both short and long-term damage.

The recent Gulf of Mexico oil spill by BP was one of the world's largest oil spills in history. Approximately 4.9 million barrels of oil were released into the Gulf from April 20th to July 15th, 2010, killing thousands of marine animals and severely damaging the Gulf's fishing and tourism industries. The oil spill in Gulf of Mexico has resulted in an enormous environmental catastrophe which necessitates an unprecedented clean-up effort. So far, multiple strategies have been used -- including chemical dispersants, skimming, booms, and controlled burns. However, one of the most promising -- and environmentally safest -- strategies is to rely on natural microorganisms to degrade the oil before it can accumulate.

A team of scientists from LBNL has launched a major effort to collect samples from Gulf waters near the oil spill, to monitor the microbial degradation process and the potential for natural microbial clean-up of the oil. Due to the low number of microorganisms in these samples, LBNL scientists need to use the best, most sensitive sample preparation methods to analyze these important but challenging samples. PBI's PCT platform has the advantages to generate greater nucleic acid and protein yields from low concentrations of microorganisms, as compared to other existing technologies. That's why LBNL has chosen to use PBI's PCT-based products in this project.

We believe the collaboration is the result of PBI's existing growth strategy expanding the Company's PCT platform into new application areas. We believe that there are a lot of other laboratories performing similar work to LBNL. Since oil spills will continue to occur, it is important for these labs to develop new, environmentally-sound, microorganism-based clean-up strategies. It's highly likely that PBI's PCT platform will also be adopted by other labs in the future.

Further in the oil spill space, Genetic Engineering and Biotechnology News (GEN) co-sponsored a roundtable discussion on October 28th on new ways to use biological solutions to assist in environment cleanup after natural disasters. "Gulf Oil Spill: Using Modern-day Biology to Assess the Environmental Impact and to Help in Remediation" was also sponsored by the Venture Development Center (VDC) at The University of Massachusetts Boston where the discussions took place.

During the roundtable, scientists from academia and industry discussed the effectiveness of biological methods that can help improve the understanding of the marine environment, assess the impact that oil spills of any magnitude have on this complex yet delicate ecosystem, and help monitor the effectiveness and even be part of the cleanup procedure during remediation.

The bottom line……

We are impressed with the potential of PBI's PCT sample preparation technology. The Company has made great efforts to expand its applications from conventional use in the life science labs to new frontiers such as in the area of oil spill cleanup, forensic detection and agricultural application and has been successful in this regard. PCT may become a choice of technology in many other sample preparation areas as the Company continues to push the envelope.

The Company is headed in the right direction in our view. We believe the new applications of the PCT technology in the oil spill clean-up, forensic, and agricultural area can lead to increased installation of the instrument and the increased use of consumables which will ultimately translate into additional top line growth for the Company in our view. Therefore, we have reasons to believe the Company will deliver better financial performance in the coming quarters.

EXECUTIVE SUMMARY

- We maintain our Outperform rating for Pressure BioSciences Inc. (PBI) and reiterate our six to twelve-month price target to $5.00 per share based on the Company's fundamentals.

- PBI operates in the multi-billon dollar but underserved research products and services market with a current focus on sample preparation for life science research. The research products and services market is a rapidly growing market with a large and immediate need for better technology, which we expect will create a huge opportunity for PBI to grow its business in the coming years.

- We are impressed and optimistic with PBI's patented, novel, enabling platform technology: pressure cycling technology (PCT). We believe the Company's PCT Sample Preparation System (PCT SPS) has competitive advantages over existing technologies in the sample preparation market. The Company continues to make progress in pushing the technology from the conventional use in life science labs into new application areas.

- Based upon the PCT platform, PBI has established a broad product portfolio for the sample preparation market. The instruments and consumables, a "razor and blade" model, that form its PCT Sample Preparation System (PCT SPS) are now increasingly being recognized by many

research labs as a novel and paradigm shifting sample preparation method due to PBI's focused marketing efforts. We believe uptake of the PCT SPS will accelerate in the coming years.

- PBI has a well clarified growth strategy in place. Short term focus will be the sample preparation market. Longer term, the Company plans to expand into other markets, such as pathogen inactivation, protein purification, control of chemical reactions, and immunodiagnostics. International expansion is also planed. We believe this strategy is workable and will provide sustainable growth for the Company.

- Current price is under valued compared to its peers in our view. We encourage investors to accumulate PBI's shares at the current level.

- Risks related to our call include a cash burn concern and competition in the research products and services market.

OVERVIEW

Pressure BioSciences Inc. (PBI) is a life sciences company engaged in the research, development and commercialization of a novel, enabling platform technology called **pressure cycling technology (PCT).**

PCT uses cycles of hydrostatic pressure between ambient and ultra-high levels (≥35,000 psi) to control bio-molecular interactions. The current product portfolio includes **Barocyclers**, PCT based instruments, and **consumables,** which include PULSE (Pressure Used to Lyse Samples for Extraction) Tubes as well as application specific kits (which include consumable products and reagents). The instruments and the consumables together make up the PCT Sample Preparation System (**PCT SPS**). The system follows the highly successful and profitable "razor and blade" business model.

The Company's targeted market is **research products and services** for the life science industry. This market is comprised of academic research institutions (both private and government-sponsored), biotechnology and pharmaceutical companies, and other public and private laboratories. Currently, the Company provides PCT-based **sample preparation products** for genomic, proteomic, and small molecule studies. Pressure BioSciences also plans to pursue the further development and commercialization of its PCT platform in other life sciences applications such as pathogen inactivation, protein purification, control of chemical reactions, and vaccine production, which could include working with various strategic partners that have greater scientific, and regulatory, expertise in the respective applications.

Pressure BioSciences was formerly known as Boston Biomedica Inc. and changed its name to Pressure BioSciences Inc. in 2004 after Boston Biomedica's core business units were sold. The new company commenced operations as Pressure BioSciences in February 2005 and has been focused exclusively on the development and commercialization of pressure cycling technology. The Company was founded in 1978 and is headquartered in South Easton, Massachusetts. PBI has about 13 employees.

INVESTMENT THESES

2Q10 Financials: Better Than Expected

On August 17, 2010, Pressure BioSciences, Inc. (PBI) reported strong financial results for the three month period ended June 30 2010.

Total revenue for 2Q10 was $402,104 compared to $270,381 for the comparable period in 2009, a 49% increase. Revenue from the sale of PCT products and services was $283,382 for 2Q10 compared to $159,202 for the same period in 2009, a 78% increase. During each of Q2 2010 and 2009, the Company completed the installation of 12 PCT Sample Preparation Systems (PCT SPS). Eight PCT Systems installed during Q2 2010 were purchased and four were leased, as compared to six purchases and six leases during Q2 2009. All 12 installations in Q2 2010 were domestic placements, compared to nine domestic and three international installations in Q2 2009. Sales of PCT-based consumables generated revenue of approximately $33,000 for 2Q10 compared to approximately $15,000 for the same period in 2009, an increase of approximately 120%.

Operating loss for 2Q10 was $797,667 compared to $815,333 for the same period in 2009. After the exclusion of non-cash charges, operating cash burn for 2Q10 was approximately $693,000, compared to approximately $663,000 for the second quarter of 2009, an increase of about 5%.

Loss per common share -- basic and diluted -- was $0.35 for 2Q10 compared to $0.39 for the second quarter of 2009.

At the end of June 2010, the Company held $1.7 million in cash and cash equivalents. There was no debt sitting on the Company's balance sheet as of June 30, 2010.

We think this was a great quarter for PBI. Both revenue and loss per share beat our estimates. Total revenue beat our estimate by $0.05 million ($0.40 million vs our estimate of $0.35 million), while revenue from PCT products and services exceeded our estimate by $0.03 million ($0.28 million vs our estimate of $0.25 million) in the current quarter. Loss per share beat our estimate by $0.07 per share (-$0.35 vs our estimated -$0.42).

We have noticed that gross margin for PCT products and services has increased dramatically in 2Q10 compared to that for 2Q09 (55% vs 43%). We believe this increase was mainly due to the increased purchase/lease ratio for the Barocycler instrumentation and partly due to the increased sales of consumables which has a higher margin (roughly 65%) than that for Barocycler instrumentation (roughly 55%). The smaller contribution from consumables to the gross margin is that consumables only accounted for about 10% of the total revenue from PCT products and services. However, we have noticed that in 2Q10 revenue from consumables increased to 11.6% compared to 9.4% in 2Q09. When the number of Barocyclers increases, use of consumables will also increase. Therefore, going forward, we believe consumables will make a larger contribution to gross margin and as a result, gross margin for PCT products and services will continue to increase in the coming quarters and years.

Based on the better than expected second quarter of 2010 financials and business outlook, we have modified our model. Specifically, we have slightly increased our revenue estimates for the rest of the two quarters of 2010 and for the coming years from 2011 to 2015. We also reduced our estimates for the preferred stock dividends for the future based on the current level of dividends for preferred stocks. Therefore, our estimates for earnings or loss per share for the rest of the year and for the coming years from 2011 to 2015 have improved accordingly. As such, we have raised our price target for PBI to $5.00 per share from previous $4.00 per share.

Unique And Superior Pressure Cycling Technology For Sample Preparation

Since PBI began operations as Pressure BioSciences in February 2005, the Company has focused substantially all of its research and development and commercialization efforts on sample preparation for genomic, proteomic, and small molecule studies. Pressure BioSciences' major business for **research products and services** market is based on a unique and superior sample preparation technology: pressure cycling technology (**PCT**). Its PCT Sample Preparation System (**PCT SPS**) consists of internally developed instruments and single-use consumables.

The Company's technology platform is based on high hydrostatic pressure technology, a Nobel Prize winning technology. Percy Bridgman from Harvard University won the 1946 Nobel Prize for his innovative work on the physics of substances under high hydrostatic pressure. Based on Percy's concept, Pressure BioScience established a patented, novel, enabling platform PCT technology with broad applicability in life science research. The mechanisms of action of the PCT SPS differ significantly from other existing sample preparation techniques. Specifically, cell disruption, or lysis, occurs when samples are subjected to well-controlled, alternating cycles of ambient and ultra-high pressure of up to 35,000 psi in the hydrostatic reaction chamber of either of the two Barocycler instruments. This use of rapid and repeated alternating cycles of hydrostatic pressure at controlled temperatures controls the interactions of biomolecules and induces cell lysis for extraction of cell components. There are two components of Pressure BioSciences' PCT Sample Preparation System. The first is the pressure-generating instrument known as the **Barocycler**, which subjects a sample to cycles of pressure from ambient to ultra-high levels and back to ambient in a precisely controlled manner. The second component of the PCT SPS is the specially designed, single-use processing containers, **PULSE Tubes**, which contain the laboratory sample and appropriate processing reagents.

The Company's PCT platform employs a unique approach that has the potential for broad applications in a number of established and emerging life sciences areas, including:

- sample preparation for genomic, proteomic, and small molecule studies
- pathogen inactivation
- protein purification
- control of chemical (primarily enzymatic) reactions; and
- immunodiagnostics

The PCT Sample Preparation System has the following features & benefits:

- **Safe** - PULSE Tubes offer a closed system to reduce sample handling and minimize exposure to pathogens/toxins
- **Fast** - Nucleic acids, small molecules, and proteins are released from a wide variety of cells and tissues in minutes
- **Powerful** - Up to 35,000 psi can be used to lyse samples and release excellent quality and quantity of bio-molecules
- **Efficient** - Up to three samples can be extracted simultaneously, in minutes
- **Versatile** - Animal, plant, and microbial cells and tissues, particularly those considered "hard-to-extract", can be processed; either standard or user defined protocols can be used
- **Reproducible** - Computer controlled protocols mean consistent sample extraction each time, every time

Sample preparation is a significant bottleneck to discoveries in genomic and proteomic research. There are several incumbent technologies that offer scientists varying degrees of success in sample preparation, but there are a number of significant issues related to the use of currently existing methods, including: complexity, sample containment, cross-contamination, shearing of bio-molecules of interest, and limited applicability to different sample types, ease-of-use and reproducibility.

The PCT Sample Preparation System is a novel and enabling system for genomic, proteomic, and small molecule sample preparation that has been shown to offer a number of advantages over other methods of sample preparation. For several years, PBI scientists have been performing comparative studies with thousands of samples to better understand how pressure cycling technology compares with these competitive technologies.

In addition to above mentioned features, the PCT Sample Preparation System offers a number of other significant advantages over other sample preparation techniques. Below is an illustration of how pressure cycling technology compares to several existing, widely used technologies across the key attributes that were assessed (with a "x" denoting a negative attribute, and a "√" denoting a positive attribute, and "Min" denoting a minimally sheared product).

Table 1: PCT SPS outperforms others

Key Attributes	Incumbent Technologies					PCT
	Sonication	Bead Beating	Tissue Homogenizer	Mortar Pestle	French Press	
Closed System	x	√	x	x	x	√
Storage, Transport	x	√	x	x	x	√
Versatility	x	x	x	x	x	√
Reproducibility	x	x	x	x	x	√
Efficiency	x	x/√	x	x	x	√
Shearing Molecules	Yes	Yes	Yes	Min	Yes	Min

Source: company filing and Zacks Investment Research

Pressure BioSciences Featured In Two Prestigious Magazines

Due to its superior PCT platform technology, PBI was featured in the August 2010 issue of two prestigious magazines: GEN (Genetic Engineering & Biotechnology magazine, Vol. 30, No. 14) and ERP (Expert Review of Proteomics, Vol.7, No. 4), two leading biotechnology publications with worldwide readership and importance. Both publications described how PBI's powerful pressure cycling technology (PCT) could positively impact the sample preparation market in the life science industry.

The featured articles summarized the content from a recent symposium on PBI's PCT platform. The symposium was held in May 2010 at Harvard Medical School, and co-hosted by the Laboratory for Innovative Translational Technologies (HC-LITT) and Central Laboratory (HCCL) of Harvard Catalyst/The Harvard Clinical and Translational Science Center, and the Proteomics Resource at Harvard School of Public Health. The Symposium featured presentations from a prestigious group of fourteen scientists from North America.

At the Symposium, researchers from different laboratories presented the broad applicability of Pressure BioSciences' PCT platform in the sample preparation area. Many of the presentations on the symposium focused on the physical effects of compression on macromolecules and its broad applications in proteomics, mass spectrometry, protein extraction, and tissue investigations.

According to the presentations at the symposium, PBI's PCT platform has many advantages over existing sample preparation techniques such as quality, high yield, rapidity, reproducibility and the potential for standardization, so lacking in almost all of those areas presented. Some of the presentations also demonstrated that the PBI's PCT platform is particularly applicable to those hard-to-extract samples such as FFPE (formalin-fixed, Paraffin-Embedded) tissues and cell membrane proteins. There are well over a billion of these samples (FFPE) which hold an as yet undiscovered "treasure trove" of pathological information. PBI's method provides the key to getting these samples prepared so that proteins which have never been seen before (unique), can now be recognized and analyzed.

The symposium was part of the Company's broad **collaboration program** which is an integral part of the Company's business strategy. The collaboration program is aimed at increasing the awareness of its PCT platform for sample preparation market.

We believe the symposium hosted by Harvard Medical School and the featured article from GEN will create positive impact on PBI's PCT platform among researchers in the life science industry. This should ultimately translate into the company's top line numbers.

The Niche Market, Rather Large But Underserved

PBI is currently targeting the **research products and services** market. Since February 2005, PBI has focused substantially all of its research & development and commercialization efforts on **sample preparation** for genomic, proteomic, and small molecule studies. This market is comprised of academic and government research institutions, biotechnology and pharmaceutical companies, and other public and private laboratories that are engaged in studying genomic, proteomic and small molecule materials within plant and animal cells and tissues.

The research products and services market is a multi-billion dollar market. Sales from Life Technologies Corp (formerly known as Invitrogen) alone were $3.2 billion in 2009 and revenue from Qiagen NV also crossed the $1 billion mark in 2009 and will record double digit growth in the next few years. The market is still growing rapidly, although there have been some negative events developing in the life science industry in recent years such as the restructuring and consolidation in pharmaceutical/biotech industry and reduction of government research grant for medical research in the US. On the other hand, the downsize of research spending in the US has been offset by increased research spending in other parts of the world especially in emerging markets such as in China and India. As a result, the market has attracted many players like Qiagen, Life Technologies and Affymetrix.

Research laboratories were previously using a "home brew" batch procedure for sample preparation before the process was greatly simplified by Qiagen and other commercial companies. Pressure BioSciences elected to initially focus its resources on the market of genomic, proteomic, and small molecule sample preparation because sample preparation:

- is a rapidly growing market;
- has a large and immediate need for better technology;
- is comprised mostly of research laboratories, which are subject to minimal governmental regulation;
- is compatible with its technical core competency; and
- is the area in which the Company has strong patent protection.

We think the Company's Barocycler instrumentations and PCT-dependent consumable products fill an important and growing need in the sample preparation market for the safe, rapid, versatile, reproducible, and quality extraction of nucleic acids, proteins, and small molecules from a wide variety of plant and animal cells and tissues.

PBI's customers include researchers at academic laboratories, government agencies, and biotechnology and pharmaceutical research facilities. In the future, the company plans to further expand PCT applications beyond its current focus area of genomic, proteomic and small molecule sample preparation and expand its customer base to include hospitals, reference laboratories, blood banks and transfusion centers, plasma collection centers, pharmaceutical manufacturing plants, and other sites involved in specific applications that can benefit with the PCT platform. International expansion is also important to boost its revenue base and sustain growth in the long run.

One of the Company's targeted markets in the sample preparation market is **Mass Spectrometry**. Mass spectrometry is one of the most powerful laboratory tools used today, and is frequently used by research scientists to study proteins and nucleic acids (DNA and RNA). It is playing an increasingly important role

in the analysis of biological samples in life sciences research. A number of important companies and research laboratories in this market are currently PBI's customers, or are in the process of evaluating its technology for use in their laboratories. PBI is focusing primarily on the application of PCT-enhanced protein digestion and integral membrane extraction for mass spectrometry and other clear advantages of PCT in this market.

The process of preparing samples for genomic, proteomic, and small molecule studies includes a crucial step called sample extraction, or sample disruption. This is the process of extracting nucleic acid (DNA and/or RNA), proteins, or small molecules from plant or animal cells and tissues that are being studied. Sample preparation is widely regarded as a significant impediment to research and discovery, and sample extraction is generally regarded as the key part of sample preparation. PBI's current commercialization efforts emphasize that pressure cycling technology provides a superior solution to sample extraction compared to other available technologies or procedures, and can thus significantly improve the quality of sample preparation. Indeed, because virtually all aspects of the sample preparation can be controlled, we believe that the PBI solution may well be the new "**standard**" of sample preparation for not only the Mass Spectrometry market, but many other markets where this exquisite level of control is necessary.

This is where the company's business opportunity lies. PCT is an enabling platform technology based on a bio-physical process that had not previously been used to control bio-molecular interactions. Although PBI's currently targeted market is sample preparation, research studies so far have demonstrated that PCT can be used both within and **outside the sample preparation market.**

In addition to genomic, proteomic and small molecule sample preparation, PCT is potentially beneficial in a number of other areas of the life sciences, including pathogen inactivation, protein purification, control of chemical (particularly enzymatic) reactions, and immunodiagnostics. We believe the Company will target these markets after it has sufficiently penetrated the sample preparation market. The penetration of these new markets will further boost the Company's top line and provide sustainable growth for the company.

Ever Expanding Product/Service Portfolio

PBI's products are developed with the expectation of meeting or exceeding the needs of research scientists while enhancing the safety, speed, and quality that is available to them with existing sample preparation technologies. PBI's products consist of pressure-generating instruments and consumables used with the instruments.

Barocycler Instrumentation

PBI's key instruments, the **Barocycler NEP3229** and **Barocycler NEP2320**, use cycles of high hydrostatic pressure (from ambient to very high levels) to quickly and efficiently break up the cellular structures of a specimen to release nucleic acids, proteins, lipids and small molecules from a specimen into consumable processing container, referred to as PULSE Tubes.

Barocycler NEP3229 is a self-contained, high-pressure laboratory instrument generating up to 35,000 psi, designed to fit on a bench top, inside a biological safety cabinet, or on the shelf of a cold room. The Barocycler NEP3229 is capable of processing up to three samples simultaneously using specially designed, single-use PULSE Tubes. The Barocycler NEP3229 has an external chiller hook-up, automatic fill and dispense valves, and an integrated microprocessor with programmable logic controller accessed by keypad.

Barocycler NEP2320 is a smaller and more compact version of the NEP3229 and provides many of the same pressure cycling technology advantages as the larger instrument. The NEP2320 quickly and efficiently processes one sample at a time and is designed to use a minimum amount of laboratory bench space. The NEP2320 can be easily attached by an air hose to a typical 85 psi air compressor found in

most scientific laboratories, to many consumer-sold portable compressors, or even to bottled gas. This instrument is currently being used as a demonstration instrument and is being marketed as a second instrument alternative for the PCT SPS.

The PCT MicroTube Adapter Kit includes an ergonomically designed, space-saving Workstation, PCT MicroTubes and MicroCaps, and specialized tools to enable the user to process up to forty-eight samples simultaneously in the Company's primary product, the PCT SPS, as compared to three PULSE Tubes with the Barocycler NEP3229.

The PCT Shredder is designed to help research scientists safely, rapidly, and conveniently disrupt tough samples - such as ticks, muscle, and seeds, that require homogenization prior to PCT or other sample preparation methods. The PCT Shredder uses a similar PULSE Tube as the PCT SPS, and allows scientists to homogenize tough samples prior to extraction with the PCT SPS, but without the need to transfer the sample into a second processing container between steps.

Consumable Products

PULSE Tubes (FT500) are specially-designed, plastic, single-use, processing container with two chambers separated by a small lysis disk with about sixty small holes. PULSE Tubes transmit the power of PCT from the Barocycler instrument to the sample. In sample extraction, the specimen is placed on the Lysis Disk, buffers are added to the PULSE tube, the PULSE Tube is capped and placed in the pressure chamber of the Barocycler instrument, pressure chamber fluid is added, and pressurization begins. As pressure increases, a small moveable piston (the Ram) pushes the specimen from the top (sample) chamber, through the Lysis Disk and into the bottom (fluid retention) chamber. When pressure is released, the sample (now partially homogenized) is pulled back through the Lysis Disk by the receding Ram. The combination of physical passage through the Lysis Disk, rapid pressure changes, and other biophysical mechanisms related to cycled pressure break up the cellular structures of the specimen to quickly and efficiently release nucleic acids, proteins, lipids, and small molecules.

Non-Disk PULSE Tubes (FT500-ND) are similar to the FT500 in look and feel, except there is no Lysis Disk separating the body of the processing container into two chambers. The design change was based on strong market demand for a new PCT-dependent consumable for the rapid and reproducible processing of solutions and suspensions that do not require partial homogenization by passage through a Lysis Disk, and for a consumable that could accept smaller sample volumes. The FT500-ND offers variable sample volumes (5x the range of the existing FT500).

ProteoSolve-LRS (ProteoSolve for Lipid Rich Samples) is a PCT-dependent method for the extraction of proteins from lipid-rich samples, including adipose and brain tissues, organelles, and membrane preparations. Proteomic analysis of these types of samples is widely used in the study of diabetes, cancer, ALS, heart disease, and a number of other serious human disorders related to obesity. This PCT-dependent method of protein extraction from lipid-rich samples offers significant advantages over current extraction techniques, primarily due to the ability to use certain organic solvents instead of harsh detergents in the extraction process. Harsh detergents are known to compromise the integrity of many proteins; therefore the use of these detergents requires a very careful and time consuming removal process. ProteoSolve-LRS includes 12 specially-designed PULSE Tubes, certain organic solvents, and other reagents, to enhance the extraction of proteins from lipid-rich samples.

ProteoSolve-SB (ProteoSolve for Systems Biology) is a PCT-dependent method for the simultaneous extraction, isolation, and fractionation of nucleic acids (DNA and RNA), proteins, and lipids from animal and plant samples routinely used in laboratory research. This kit contains proprietary reagents and consumable processing containers (PULSE Tubes), and is intended to be used with the company's PCT Sample Preparation System. The kit is based on the unique approach to a "systems biology" sample preparation method that was first unveiled during early 2008.

ProteoSolve-CE (ProteoSolve for Conventional Extraction) is a PCT-dependent kit for the extraction of proteins from a variety of samples using optimized detergent-based reagent system compatible with two-dimensional electrophoresis or two-dimensional chromatographic separation for proteomic analysis. The kit contains all of the reagents necessary for the extraction of either denatured or non-denatured proteins, which can then be used for the analysis of protein structure and function.

Company Services

Extended Service Contracts: PBI offers extended service contracts on its laboratory instrumentation to all customers. These service contracts allow a customer who purchases a Barocycler instrument to receive on-site scheduled preventative maintenance, on-site repair and replacement of all worn or defective component parts, and telephone support, all at no incremental cost for the life of the service contract. The company offers one-year and four-year extended service contracts to customers who purchase Barocycler instruments. These are often high-margin contracts that we believe will add significantly to the bottom-line at PBI in the future.

Fee-for-Service: PBI will occasionally perform PCT-based services on a fee-for-service basis. The Company may enter into these types of arrangements if the customer has a high likelihood of purchasing a PCT Sample Preparation System or if the customer will publish or present results of the work performed in scientific journals or in scientific meetings.

These products and services have helped, and will continue to help, drive the adoption of the PCT platform within the life science industry. We believe that PBI will continue to develop new PCT-based, market-driven products. As penetration for the company's products and services grow; PBI will begin to approach and achieve profitability. This is a significant opportunity for shareholders in our view.

An Well Clarified Growth Strategy Is In Place

In the short run, PBI's focus is to commercialize pressure cycling technology in the area of sample preparation for genomic, proteomic, and small molecule studies. To support this current strategy, the Company's primary focus is the execution of its commercialization plan for its PCT platform in sample preparation. The Company remains focused on projects that represent near-term revenue opportunities. Since the key source of the Company's revenues are based upon its Barocyclers and consumables associated with the use of the Barocycler instruments, therefore, the Company continues to focus on increasing the number of installed Barocyclers in the field.

To this end, the Company has offered its prospective customers the opportunity to buy outright, lease or rent the Barocycler instruments, and in some cases the company has engaged in short-term reagent rental agreements. Under a reagent rental agreement PBI provides the customer with a Barocycler instrument in exchange for a minimum purchase commitment of consumable products. While these arrangements do not provide the company with the immediate revenue of a sale, they do serve to expand the utilization of PCT and they provide a stream of revenue in the form of rental payments and consumable purchases.

Since the company began operations as Pressure BioSciences in February 2005, PBI has installed total 150 Barocycler instruments to the end of first half of 2010. We note the steady growth in the installed base as evidence the business model is working at PBI. Breakdown of the number is listed below:

	2005	2006	2007	2008	2009	1H2010
Installed units	5	8	20	41	54	22

This strategy has created positive impact on the Company's financial performance. Revenue from PCT products/services increased 63.9% and 26.9% respectively in 2008 and 2009. We expect product revenue from the PCT platform will continue to increase in the next a few years from 2009 to 2015 with a compound annual growth rate (CAGR) of 69.9%.

In the long run, PBI plans to pursue the further development and commercialization of the PCT platform in other life sciences applications, such as pathogen inactivation, protein purification, control of chemical (particularly enzymatic) reactions, and immunodiagnostics. This strategy will further boost the Company's financials and provide sustainable growth. This offers significant upside for shareholders in our view.

Collaboration program is an important element of PBI's business strategy. Initiating a collaboration with a researcher usually involves the installation of a Barocycler instrument for an agreed upon period of time, generally three to six months, and the execution of an agreed upon work plan. The primary objectives for entering into a collaboration agreement include:

- the development of a new application for the PCT platform in sample preparation;
- the advancement and validation of understanding PCT within an area of life sciences in which the company already has products;
- the demonstration of the effectiveness of the PCT platform to specific research scientists who can have a positive impact on market acceptance of the PCT platform; and
- the expectation of peer-reviewed publications and/or presentations at scientific meetings by a third party on the merits of the PCT platform.

Since the beginning of the collaboration program in June 2005, the company has placed Barocycler instruments in multiple sites, resulting in increasing number of publications and presentations by third party researchers. This program has provided, and continues to provide independent and objective data about PCT from well respected laboratories throughout the United States which have helped and will continue to help improve the acceptance of the PCT platform in the life science industry.

Expansion to **international markets** is also a long term strategy for the company. Currently, PBI has three foreign distributors and the company has about 12 instruments installed overseas, mostly in Japan. PBI plans to further expand the number of foreign distributors in the near future after the company gets a foothold in the US. The company intends to sing a deal with a partner in the U.S. so that the company can use the partner's distributors internationally.

We believe international expansion is important to the company's long term growth, especially when the U.S. pharmaceutical/biotech industry is experiencing major restructuring and consolidation and the U.S. government is reducing spending on biological research. R&D spending in medical/biological research has been rising dramatically outside the U.S., especially in the emerging markets such as in China and India. We believe the international market for research services can be as big as the U.S. market which will provide huge opportunity for PBI to growth its business.

A Strong Management Team

Mr. Richard T. Schumacher, the founder of the Company, has been CEO and president of the Company since 2004. He has served as Chief Financial Officer and Treasurer of PBI since November 18, 2008. He previously served as Chief Executive Officer and Chairman of the Board of the Company from 1992 to February 2003. From July 9, 2003 until April 14, 2004 he served as a consultant to the Company pursuant to a consulting agreement. He served as President of the company from 1986 to August 1999. Mr. Schumacher served as the Director of Infectious Disease Services for Clinical Sciences Laboratory, a New England-based medical reference laboratory, from 1986 to 1988. From 1972 to 1985, Mr. Schumacher was employed by the Center for Blood Research, a nonprofit medical research institute associated with Harvard Medical School. Mr. Schumacher received a B.S. in Zoology from the University of New Hampshire.

Dr. Edmund Ting joined as Senior Vice President of Engineering on April 24, 2006. Prior to joining, Dr. Ting served as the Chief Research Officer of Avure Technologies, a leading worldwide manufacturer of high pressure hydrostatic processing equipment for the food and materials processing industry, where he worked from 2001 to 2006. From 1990 to 2001, Dr. Ting was employed by Flow International

Corporation, a world leader in the ultrahigh pressure water jet cutting technology market, and the parent company of Avure Technologies until November 2005. Dr. Ting last held the position of VP of Engineering Research and Development at Flow International Corporation. From 1984 to 1990, Dr. Ting was a research scientist and then a group leader at Grumman Aerospace Corporation. Dr. Ting earned a Bachelor of Science degree in mechanical engineering from Northeastern University and a Science Doctorate in materials science and engineering from the Massachusetts Institute of Technology.

Dr. Nathan P. Lawrence was appointed Vice President of Marketing and Sales on April 1, 2006. Dr. Lawrence joined Pressure BioSciences Inc. in 2005, serving as Director of Research and Development until his promotion to Vice President of Marketing and Business Development in 2006. Dr. Lawrence was responsible for the development of protocols based on pressure cycling technology (PCT). From 2004 through 2005, Dr. Lawrence worked for 454 Life Sciences in product development. Prior to 454 Life Sciences, Dr. Lawrence was Director of Research and Development for Boston Biomedica, Inc. from 1998-2004. He was responsible for the development of PCT, as well as the development of nucleic acid-based diagnostic assays. Prior to joining Boston Biomedica, Inc., Dr. Lawrence held several positions with increasing responsibility in Research and Development and manufacturing at Becton Dickinson and Gene Trak Systems. Dr. Lawrence holds a BA from the University of Miami, an M.S. from Southern Connecticut State University, and a Ph.D. from Yale University.

Dr. Alexander Lazarev was promoted to the position of Vice President of Research and Development, effective March 20, 2007. Prior to his promotion he served as Director of Research and Development, since joining PBI on April 3, 2006. Prior to joining Pressure BioSciences, Inc., Dr. Lazarev worked as a Visiting Scientist at the Barnett Institute of Chemical and Biological Analysis at Northeastern University in 2005, and served as a Director of New Technology Development at Proteome Systems, Inc., where he was involved in research and development of innovative proteomic analysis applications from 2001 until early 2006. From 1998 to 2001, Dr. Lazarev was employed as Senior Scientist at the Proteomics Division of Genomic Solutions, Inc. Prior to his employment at Genomic Solutions, Inc., Dr. Lazarev was employed in an analytical contract service startup company, PhytoChem Technologies, Inc., which was founded as a spin-off from ESA, Inc. in 1997. Previously, Dr. Lazarev held various scientific positions at the Ohio State University School of Medicine and the Uniformed Services University of Health Sciences. Most of his scientific career has been dedicated to development of methods and applications for biochemical analysis. Since 2005, Dr. Lazarev has been elected as an Executive Board member of the MASSEP.org, a non-profit scientific discussion forum dedicated to the promotion and improvement of chromatography and other analytical technologies. Dr. Lazarev earned his undergraduate and graduate degrees at the University of Kazan, Russian Federation.

Mr. Matthew B. Potter joined PBI as Vice President of Sales on February 25, 2008. Mr. Potter has worked in many different disciplines that include molecular biology, chromatography, personalized medicine, diagnostics, and biophysics. Prior to joining PBI Mr. Potter was the Vice President of Sales & Marketing at Abcam, Inc. from July 2007 to January 2008. Prior to Abcam, Mr. Potter was the National Sales Manager: Key Accounts Pharmaceutical at Qiagen, Inc. from July 2005 to May 2007. Prior to Qiagen, Mr. Potter was Director, Sales and Marketing at MicroCal, LLC from January 2000 to July 2005. Mr. Potter is also a former Treasurer of the New England Scientific Manufacturers Association and has been cited as a co-author and contributor on assorted scientific publications during his tenure working at the Worcester Foundation for Experimental Biology. Mr. Potter holds a BA in Biology from Clark University and an MBA from Assumption College, both located in Worcester, MA.

RECOMMENDATION AND VALUATION

We maintain our **Outperform** rating on Pressure BioSciences Inc. (PBI) and reiterate our six to twelve-month price target of $5.00.

Our call is based on the strong fundamentals of the Company. PBI operates in the rather large, but underserved research services market. The Company has developed a unique and superior pressure cycling technology for the preparation of biological laboratory samples. The Company's PCT platform holds competitive advantages over incumbent technologies in many important aspects related to sample preparation.

Currently, the Company is in the early stage of commercialization of its platform technology. We realized that sales in the past few quarters have not been impressive, but this is understandable. Pressure cycling technology is quite new to most customers in the sample preparation market, and the costs for PCT are also higher than those for most existing technologies. Therefore, rollout of the PCT platform will take time. However, once customers become familiar with the new PCT platform, and realize its advantages over existing technologies, uptake of PCT and its consumable products by the industry will increase dramatically in our view.

We are especially optimistic about the Company's collaboration programs which will generate great awareness of the PCT platform among researchers in the sample preparation market. We are also impressed with the potential of the PCT technology in new application areas such as in the forensic, oil-spill clean-up and agricultural application. With a growing sales force and a clear growth strategy in place, sales should pick up steam in the coming quarters.

We are optimistic about the Company's prospect. With a rapidly growing market worldwide, combined with its unique technology and broad range of product offering, the Company is well positioned to boost its top line and bottom line in the coming years. According to our long term financial model, the Company's revenue will grow at a tremendous compound annual growth rate (CAGR) of 70% in the next five fiscal years from 2010 to 2015. The Company will become profitable in fiscal 2014 with earnings per share (EPS) of $0.15.

Currently, the Company trades around $1.50 per share with a market cap of $9.5 million. We believe this undervalues the company based on the strong fundamentals mentioned above. We understand that market discounts the value of the Company because the Company has only limited revenue base and has been losing money since its inception. We also understand that the Company has a relatively weak balance sheet, and further financing may be needed soon. However, the Company has no debt sitting on its balance sheet. When we look at the Company and the industry in which it operates in more detail, we realize that this is a company with huge opportunity and one that can grow its revenue and earnings at a tremendous rate in the next few years.

We think the Company should trade around a P/E of 15x, which is only half of the average P/E multiple of the research services/biotech industry. If we apply this P/E to our estimated EPS of $0.97 in fiscal 2015, discounted at 30% for 4 years, we get our price target of $5.00 per share. As long as the Company can execute its growth strategy correctly, we believe this goal is achievable.

Industry Comparables

	P/E (TTM)	EPS Gr. 5-Yr Est.	P/S (TTM)
Pressure BioSciences (PBIO)	**N/A**	**N/A**	**2.8x**
Industry Mean	35.0x	16%	3.3x
S&P 500	16.6x	7.2%	2.0x
Qiagen N.V. (QGEN)	30.0 x	14.5%	4.3x
PerkinElmer (PKI)	19.4x	6.3%	1.4x
Life Technologies (LIFE)	29.3x	-0.4%	2.4x
Affymetrix, Inc. (AFFX)	N/A	N/A	1.2x

RISKS

Cash Position Is A Little Concern

Since it began operation as Pressure BioSciences in 2005, the Company has been losing money. The Company has only limited revenue derived from its PCT-based instruments and PCT-dependent consumable products. In 2Q10, the Company's net loss was $0.9 million or $0.35 per share. Net cash used in operations for the three months ended June 30, 2010 was roughly $693,000. The Company has experienced negative cash flows from operations since its inception. According to our financial model, the Company will continue to lose money until fiscal 2014 when the Company will be marginally profitable with an EPS of $0.15 per share.

As of June 30, 2010, the Company held $1.7 million in cash and cash equivalents. During 2Q10, the Company received about $1.47 million from warrants excised. Management estimates that current cash resources will be able to fund normal operations into the first quarter of 2011. But we may see the Company tap the capital market as early as in the 4Q10. Equity financing is certainly an option. If the Company chooses to issue more shares, current shareholder base will be diluted and share price will suffer.

Competition Remains Fierce In The Sample Preparation Market

Currently, the sample preparation/research services market is dominated by big players like Life Technologies (formerly known as Invitrogen), Qiagen and Illumina. Unfortunately, we see this area attracting a high level of competitive interest over the next several years. Big players are actively seeking to expand market shares in this area.

Pressure BioSciences (PBI) is a relatively new comer in this area with limited operational experiences and financial resources. The PCT Sample Preparation System is a novel and enabling system for genomic, proteomic, and small molecule sample preparation. As such, many users of current technologies will need to be willing to challenge their existing methods of sample preparation and invest time to evaluate a method that could change for the better their overall workflow in the sample preparation process, prior to adopting the PCT platform. Also, the cost of the PCT Sample Preparation System may be greater than the cost of many of the other techniques currently employed. Therefore, PBI must convince its current and potential customers that the PCT platform and products are superior and have advantages over other technologies in terms of versatility, reproducibility, quality and safety, etc.

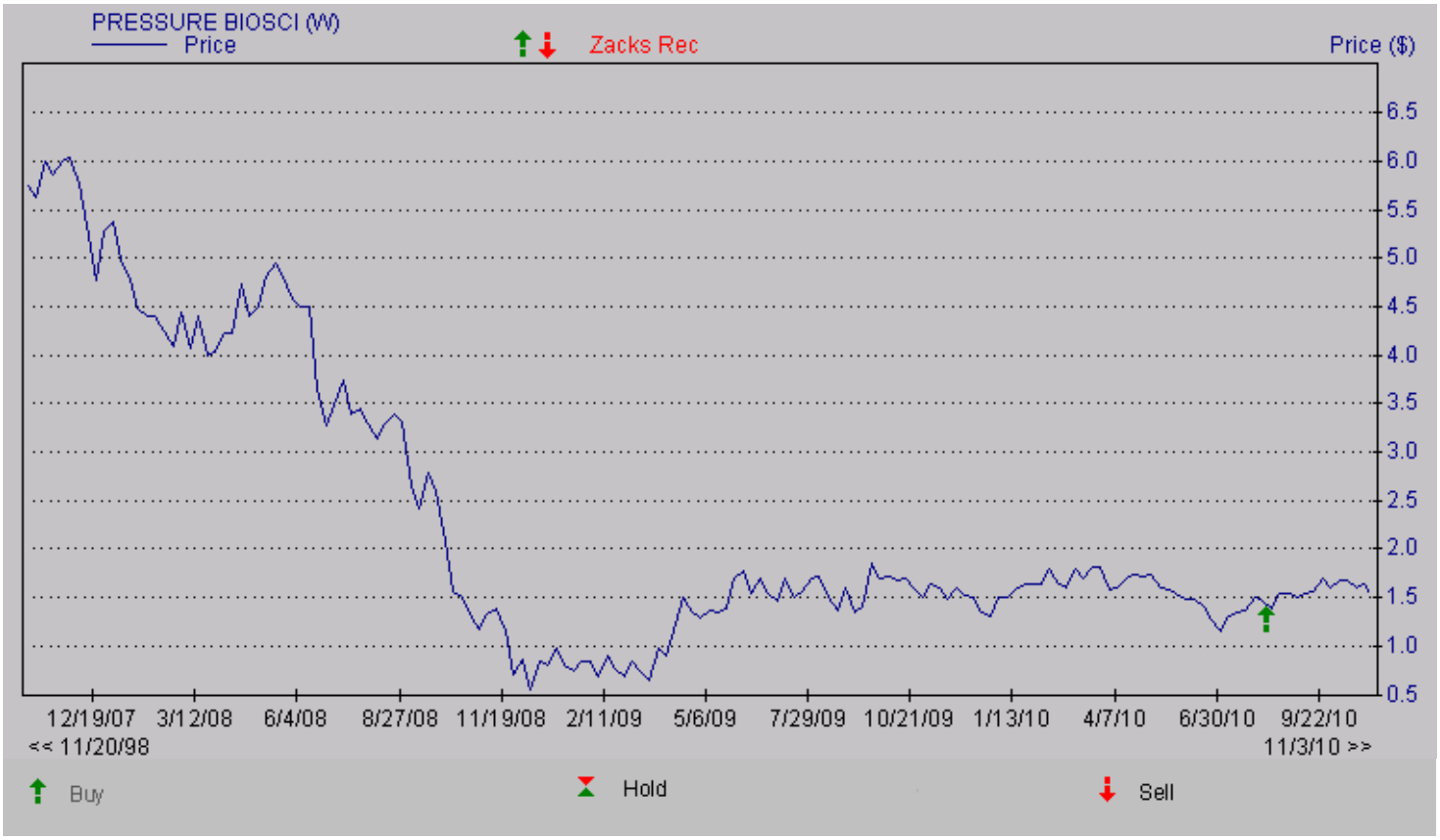
PROJECTED INCOME STATEMENT

$ in million except per share data	12/07A	12/08A	12/09A	Q1	Q2	Q3	Q4	12/10E	12/11E	12/12E	12/13E	12/14E	12/15E
Product/Service Revenue	$0.40	$0.66	$0.83	$0.19	$0.28	$0.31	$0.35	$1.14	$1.55	$3.02	$6.50	$12.80	$20.50
YOY Growth	-	63.90%	26.91%	-14.85%	78.00%	51.53%	44.09%	36.67%	36.38%	94.8%	115.2%	96.9%	60.2%
Grant Revenue	$0.25	$0.20	$0.41	$0.10	$0.12	$0.12	$0.10	$0.44	$0.45	$0.50	$0.40	$0.40	$0.40
Total Revenues	**$0.65**	**$0.85**	**$1.24**	**$0.29**	**$0.40**	**$0.43**	**$0.45**	**$1.57**	**$2.00**	**$3.52**	**$6.90**	**$13.20**	**$20.90**
YOY Growth			46.1%	-5.2%	48.7%	34.8%	29.6%	26.5%	27.0%	76.0%	96.0%	91.3%	58.3%
CoGS	$0.2	$0.4	$0.4	$0.1	$0.1	$0.1	$0.2	$0.5	$0.7	$1.3	$2.5	$4.2	$5.6
Gross Income	**$0.44**	**$0.45**	**$0.84**	**$0.20**	**$0.28**	**$0.29**	**$0.30**	**$1.06**	**$1.30**	**$2.23**	**$4.40**	**$9.01**	**$15.33**
Gross Margin	67.6%	52.9%	67.7%	70.0%	68.4%	67.5%	65.1%	67.5%	65.1%	63.3%	63.7%	68.3%	73.4%
Gross Margin for PCT revenue	47.7%	38.7%	51.6%	54.0%	55.2%	55.2%	55.2%	55.0%	55.0%	57.2%	61.5%	67.3%	72.8%
R&D	$2.0	$1.8	$1.2	$0.3	$0.3	$0.3	$0.3	$1.2	$1.4	$1.8	$2.2	$2.5	$2.8
% SG&A	313.2%	212.4%	94.4%	101.1%	75.6%	68.7%	66.1%	75.7%	67.5%	51.1%	31.9%	18.9%	13.4%
SG&A	$3.6	$3.6	$2.9	$0.8	$0.8	$0.8	$0.8	$3.2	$3.4	$3.8	$4.5	$5.0	$5.5
% R&D	551.4%	423.2%	230.1%	282.3%	191.2%	191.6%	176.2%	203.8%	170.0%	108.0%	65.2%	37.9%	26.3%
Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
% Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income	**($5.1)**	**($5.0)**	**($3.2)**	**($0.9)**	**($0.8)**	**($0.8)**	**($0.8)**	**($3.3)**	**($3.4)**	**($3.4)**	**($2.3)**	**$1.5**	**$7.0**
Operating Margin	-796.9%	-582.8%	-256.8%	-313.4%	-198.4%	-192.7%	-177.2%	-212.0%	-172.4%	-95.8%	-33.4%	11.5%	33.7%
Other Net	$3.47	$0.06	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pre-Tax Income	**($1.7)**	**($4.9)**	**($3.2)**	**($0.9)**	**($0.8)**	**($0.8)**	**($0.8)**	**($3.3)**	**($3.4)**	**($3.4)**	**($2.3)**	**$1.5**	**$7.0**
Pref. stk Div	$0.00	$0.00	$0.72	$0.26	$0.13	$0.14	$0.15	$0.67	$0.70	$0.70	$0.70	$0.70	$0.70
Taxes (Benefit)	($0.5)	$0.0	($0.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	-	0.0%	19.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reported Net Income	**($1.2)**	**($4.9)**	**($3.3)**	**($1.2)**	**($0.9)**	**($1.0)**	**($1.0)**	**($4.0)**	**($4.1)**	**($4.1)**	**($3.0)**	**$0.8**	**$6.3**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-26.3%	-127.1%	679.3%
Net Margin	-179.0%	-576.0%	-263.9%	-401.6%	-229.9%	-224.3%	-210.3%	-254.4%	-207.4%	-115.7%	-43.5%	6.2%	30.3%
Shares Out	2.1	$2.2	2.3	2.4	2.6	2.7	2.8	2.6	3.0	3.5	4.5	5.5	6.5
Reported EPS	**($0.56)**	**($2.24)**	**($1.42)**	**($0.49)**	**($0.35)**	**($0.36)**	**($0.34)**	**($1.52)**	**($1.38)**	**($1.16)**	**($0.67)**	**$0.15**	**$0.97**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-42.7%	-122.2%	559.4%
One time charge	*($3.18)*	*$0.00*	*$0.00*	$0.00	*$0.00*	*$0.00*	*$0.00*	$0.00	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($4.3)**	**($4.9)**	**($3.3)**	**($1.2)**	**($0.9)**	**($1.0)**	**($1.0)**	**($4.0)**	**($4.1)**	**($4.1)**	**($3.0)**	**$0.8**	**$6.3**
Non GAAP EPS	**($2.09)**	**($2.24)**	**($1.42)**	**($0.49)**	**($0.35)**	**($0.36)**	**($0.34)**	**($1.52)**	**($1.38)**	**($1.16)**	**($0.67)**	**$0.15**	**$0.97**

Source: Company filings and Zacks Investment Research Inc. estimates

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HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

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