Zacks Small-Cap Research

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Inhibitex, Inc. (INHX-NASDAQ)

INHX: HCV Drug INX-189 Taking Center Stage, But Competition and Valuation Move Us to Neutral.

Current Recommendation	**Neutral**
Prior Recommendation	Outperform
Date of Last Change	11/09/2010
Current Price (05/06/11)	$3.71
Target Price	**$5.00**

OUTLOOK

We really like the investment story at Inhibitex. The company is sitting on two potential multi-hundred million dollar drugs with INX-189 and FV-100. However, phase 2 trials on both needs to be completed before the assets are truly partnerable. These programs will start in the next few months and offer data in 2012. If positive, either one of these assets alone could bring an upfront deal capable of moving the shares above our $5 target. With two shots on goal for meaningful partnerships in 2012, Inhibitex is an attractive long-term hold. However, investors can be patients now, as the data is still 12 months away. In the meantime, we feel comfortable with the nearly $60 million in cash on hand that Inhibitex remains in a solid position fundamentally. Our target is $5.

SUMMARY DATA

52-Week High	**$5.00**
52-Week Low	**$1.32**
One-Year Return (%)	**42.69**
Beta	**1.14**
Average Daily Volume (sh)	**698,654**
Shares Outstanding (mil)	**62**
Market Capitalization ($mil)	**$232**
Short Interest Ratio (days)	**2.71**
Institutional Ownership (%)	**64**
Insider Ownership (%)	**25**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**13.7**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2011 Estimate	**N/A**
P/E using 2012 Estimate	**N/A**
Zacks Rank	**3**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	1.0 A	0.3 A	0.3 A	0.3 A	1.9 A
2011	0.3 A	0.3 E	0.3 E	0.3 E	1.2 E
2012					5.0 E
2013					7.5 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	-$0.08 A	-$0.09 A	-$0.08 A	-$0.11 A	-$0.37 A
2011	-$0.12 A	-$0.09 E	-$0.09 E	-$0.11 E	-$0.40 E
2012					-$0.33 E
2013					-$0.29 E

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

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WHAT'S NEW

Financial Results

On May 6, 2011, Inhibitex reported financial results for the first quarter 2011. Total revenues in the quarter were $0.3 million and were comprised of $0.250 million in collaborative R&D payments from Pfizer on licensing the company's MSCRAMM technology, as well as a $0.0375 million licensing and milestone payments. Revenues were in-line with our expectations. Net loss for the quarter totaled $7.5 million, or $0.12 per share. This also was in-line with our financial forecast.

The company exited the first quarter 2011 with $13.0 million in cash and investments. In April 2011, Inhibitex raised approximately $50.6 million in net proceeds from a public offering of approximately 13.2 million shares of common stock at $4.10 per share. Based on our financial model and forecasted cash burn for the second quarter 2011, we estimate that Inhibitex will exit the second quarter with over $58 million in cash on the books. We believe the current cash balance is sufficient to fund operations through year-end 2012.

Near-Term Plans

…With INX-189…

Inhibitex plans to initiate phase 2 studies with INX-189 in the next few months. First up will be a phase 2 program in genotype -2 / -3 patients. Standard of care for HCV genotype -2 / -3 patients in pegylated interferon and ribavirin for 24 weeks. Management believes that there is an opportunity with INX-189 to shorten the treatment duration on standard of care to 12 weeks by adding INX-189 to the regimen. We note that the pending approvals of boceprevir and telaprevir will likely not include indications for HCV genotype -2 / -3 patients. These patients make up about 20-25% of the total HCV market. We believe that if INX-189 can show utility in this phase 2 program by shortening the treatment duration and improving SVR, it could present an attractive partnering opportunity for a larger company, like Merck, Vertex, J&J, or Gilead, seeking to combined their late-stage antiviral agent with INX-189 to target a broader HCV patient population. We expect this phase 2 trial to start in the third quarter 2011.

We expect Inhibitex to follow this phase 2 program with another phase 2 program in HCV genotype -1 patients in the fourth quarter 2011. This trial will build on the antiviral signals seen in the previous phase 1b program where INX-189 will be combined with ribavirin or another antiviral agent, without interferon. We expect that by the time Inhibitex is ready to initiate this trial, both boceprevir and telaprevir will likely be approved. Similar to the company's plans in HCV genotype -2 / -3 patients, the goal here is to show that by adding INX-189 to the treatment paradigm, higher SVR rates and shorter courses of treatment can be achieved. This makes INX-189 an attractive in-licensing target for the aforementioned names, along with Bristol, Boehringer Ingelheim, and Roche.

We remind investors that the U.S. FDA granted Inhibitex "Fast Track" development status on INX-189. The antiviral market is become intensely competitive. Two new drugs, Merck's boceprevir and Vertex's telaprevir, are expected to dominate the market once approved later this year. We expect telaprevir to capture 70% of the NRx for new antiviral agents over the next several quarters. Several late-stage candidates at Gilead, Roche, Pharmasset, and J&J are expected to follow in 2014. Nevertheless, with INX-189's strong pan-genotypic antiviral activity and high generic barrier to resistance, Inhibitex management believes that they can partner the drug on very favorable terms following the completion of the phase 2 program. We see a partnership for INX-189, or an out-right acquisition of the company, as the biggest upside for shareholders over the next year.

…With FV-100…

Management is in the process of completing a strategic review of the phase 2 FV-100 data. As a reminder, this data showed clear signs of reduced pain and incidence of PHN. According to market research, management sees strong interest from payors and physicians on a "reduced pain / reduced PHN" indication with FV-100. We expect that the review of the data will be complete by the middle of the year, and this should be followed by the initiation of a second phase 2 program with FV-100 before the end of the year. We expect this trial to be powered to show statistical significance on reduced pain and incidence of PHN vs. valacyclovir (Valtrex). If successful, this presents shareholders with another potential out-license or partnership opportunity in 2012.

INVESTMENT OVERVIEW

INX-189 Takes Center Stage

…Positive Phase 1b…

On March 31, 2011, Inhibitex reported positive top-line safety and antiviral data from its multiple ascending dose study with INX-189. The trial randomized 70 HCV+ genotype 1 treatment naïve patients into a double-blind, placebo-controlled, dose escalation study designed to evaluate the safety, tolerability, pharmacokinetics and antiviral activity of INX-189, administered orally once-daily for seven days. The trial enrolled patients into seven different cohorts, including five monotherapy treatment arms and two arms of adjunctive treatment with ribavirin (RBV). Each treatment cohort in the study was comprised of 10 patients, eight of whom received INX-189 and two that received placebo. We present the data below:

Median HCV log10 IU/mL RNA Viral Load Decline:			Range
	Day 3	Day 7	
Placebo (n=10)	0.25	-0.20	0.60 to -0.30
9mg INX189 (n=7)	-0.29	-0.64	-0.19 to -1.06
25mg INX189 (n=8)	-0.85	-1.00	-0.56 to -1.58
50mg INX189 (n=8)	-1.34	-1.47	-1.17 to -2.30
100mg INX189 (n=8)	-1.46	-2.53	-1.35 to -2.78
50mg load + 9mg INX189 (n=7)	-0.46	-0.50	0.11 to -0.88
9mg INX189 + RBV (n=7)	-0.45	-0.75	-0.35 to -0.93
25mg INX189 + RBV (n=8)	-1.35	-1.56	-0.77 to -2.68

The data demonstrates strong viral load reduction at Day 7 for the 25mg, 50mg, and 100mg doses. We consider anything greater than a 1 log10 drop (a 10-fold reduction) as significant. What is even more encouraging is the clear dose response, and the clear synergistic benefit with ribavirin. The data is suggestive of strong RVR (rapid viral response) data for future studies. In addition to the observed reductions in viral load, clinically meaningful decreases in alanine transaminase (ALT) levels were observed for patients receiving INX-189 at all dose levels, and no patients experienced viral breakthrough. Management also noted that patients whose ALT started at elevated levels saw declines toward normal ranges after only one week on INX-189 therapy. This is highly encouraging data.

Safety assessment of the data shows that INX-189 was well tolerated. There was one serious adverse event (atrial fibrillation) reported in a patient on ribavirin / placebo. All other reported adverse events were mild or moderate and were not dose dependent. The most common was headache. There were no discontinuations due to adverse events and no changes in clinical laboratory evaluations.

We remind investors at Inhibitex recently reported full data from the phase 1a program at the 46th European Association for the study of the Liver (EASL) in Berlin, Germany on March 31, 2011. Management is currently conducting 13-week GLP toxicology studies with INX-189, hoping to wrap those up shortly.

…Next Up, Phase 2…

Inhibitex plans to initiate phase 2 studies with INX-189 in the next few months. First up will be a phase 2 program in genotype -2 / -3 patients. Standard of care for HCV genotype -2 / -3 patients in pegylated interferon and ribavirin for 24 weeks. Management believes that there is an opportunity with INX-189 to shorten the treatment duration on standard of care to 12 weeks by adding INX-189 to the regimen. We note that the pending approvals of boceprevir and telaprevir will likely not include indications for HCV genotype -2 / -3 patients. These patients make up about 20-25% of the total HCV market. We believe that if INX-189 can show utility in this phase 2 program by shortening the treatment duration and improving SVR, it could present an attractive partnering opportunity for a larger company, like Merck, Vertex, J&J, or Gilead, seeking to combined their late-stage antiviral agent with INX-189 to target a broader HCV patient population. We expect this phase 2 trial to start in the third quarter 2011.

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…INX-189 Background Info…

INX-189 is a nucleoside polymerase inhibitor under development for the treatment of chronic hepatitis C caused by the hepatitis C virus (HCV). More specifically, the drug is a phosphoramidate nucleoside analogue, also referred to as pronucleotides or protides, which targets the RNA-dependent RNA polymerase ("NS5b") of HCV. We believe this protide approach possesses several pharmacological advantages over earlier, first generation approaches that use the parent nucleoside (non-phosphorylated) alone. These include a significant increase in antiviral activity, higher concentrations of the anti-virally active triphosphate in liver, and potentially less toxicity due to reduced systemic exposure. The preclinical profile of INX-189 suggests: rapid onset of anti-viral activity, a long half-life that could allow for once daily dosing, low toxicity, and a potential synergistic mechanism with ribavirin. This is certainly something to be excited about.

…HCV Background Info…

We estimate 4-5 million Americans and 200 million individuals worldwide are infected with HCV, the majority of which represent chronic infections that can cause liver disease, cirrhosis and cancer. For example, HCV is the leading cause of liver transplants in the U.S. The current standard of care (SoC) is a combination of pegylated interferon-alpha-2b (PEG-Intron) or pegylated interferon-alpha-2a (Pegasys) and ribavirin for a period of 24 or 48 weeks, depending on hepatitis C virus genotype. Viral cure rates (undetectable HCV RNA at week 48) from the standard of care is around 40-50%. This means that over 50% of the patients fail SoC. Additionally, according to a recent comprehensive meta-analysis conducted by the CDC's National Health and Nutrition Examination Survey (NHANES) on over 10,500 HCV patients treated between 2005 and 2008, roughly 1/3rd were ineligible for treatment with Pegasys or PEG-Intron due to co-morbidities such as COPD, cardiovascular disease, heart failure, stroke, kidney failure, depression, diabetes, or cancer. The high ineligible rate, and the subsequent high failure rate for SoC, creates a sizable market opportunity for new HCV antiviral medications.

But we believe this is about to change, mainly due to the pending approval of two molecules, telaprevir and boceprevir, both protease inhibitors, at Vertex Pharmaceuticals / J&J and Merck, respectively. Phase 3 data (ADVANCE) with telaprevir + SoC demonstrates improvement in SVR (sustained viral response = undetectable HCV RNA at week 24) up to the 75% range in 1st-line use (treatment naïve patients). Merck's phase 3 data (SPRINT-2) with boceprevir looks slightly less impressive, with SVT in the 66% range. For 2nd-line use (SoC failures), telaprevir phase 3 data (REALIZE) still shows a SVR above 75%. We expect both telaprevir and boceprevir to gain approval later in 2011, with telaprevir eventually gaining 70% market share based on superior efficacy and shorter duration of use. Merck's drug, supported by potentially less side-effects, greater tolerability, and an entrenched market position with PEG-Intron, will still be a formidable nevertheless.

The Holy Grail in HCV treatment is eliminating pegylated-interferon from the treatment paradigm. To do this, companies are beginning to look at antiviral combinations that include the aforementioned protease inhibitors, ribavirin, and next-generations molecules such as INX-189 (NS5b polymerase inhibitor). In theory, creating a combination telaprevir + INX-189 + ribavirin molecule could achieve SVR greater than 75%. It worked in HIV. Gilead as beautifully formulated two NRTIs, tenofovir and emtricitabine, to create Truvada; and, later combined Truvada with protease inhibitor, efavirenz, to create Atripla.

Following the same path, Vertex and Merck, along with Gilead, Roche, J&J, Bristol, and others, have been looking at combinations of protease inhibitors with, NS5a inhibitors, nucleoside and non-nucleoside polymerase inhibitors, and cyclophilin inhibitors. Inhibitex is no doubt hoping that INX-189 finds its way into one of these combinations in the future. As noted above, we expect Inhibitex to conduct combinations studies in the up-coming phase 2 program. We think this is clearly a viable strategy, especially if Inhibitex can partner with Vertex or Merck. However, our concern here is twofold:

- Inhibitex is not in the lead. In fact, Inhibitex is behind development of several companies with equally impressive, or more impressive, molecules. These include Bristol with NS5a inhibitor BMS-052 (phase 3), Pharmasset with two nucleoside inhibitors PSI-7977 (phase 2) and PSI-938 (phase 2), and Novartis with cyclophilin inhibitor alisporivir (phase 3). Additionally, Vertex and Merck are in mid-stage trials with their own combination programs, and as are Roche (who makes Pegasys / CoPegasys), J&J, Boehringer Ingelheim, Glaxo, Gilead, and Abbott Labs. Inhibitex must partner INX-189 with a larger company, preferably one with an advanced HCV candidate, to penetrate into the market. As this point, competition to develop a triple- or quad-pill HCV drug is extremely high. Several small-cap biotechs such as Achillion, Presidio, Intermune, Idenix, and Anadys are all in a similar position to Inhibitex.

- Combinations don't always work. Vertex has been testing a non-nucleoside inhibitor, VX-222, in combination with telaprevir. Phase 1b data with VX-222 looks extremely impressive, with mean viral load reductions greater than 3 log10 after only 3 days of treatment. This outpaces INX-189. However, combination studies presented at EASL last week demonstrated limited incremental antiviral activity when VX-222 was combined with telaprevir + SoC. Instead, the combination showed poor tolerability and an increase in side-effects.

Conclusion → We do not expect a deal until 2012. There are too many questions yet unanswered about INX-189. The phase 1 data looks good, but competition is intense and the treatment paradigm will be changing dramatically over the next several years. We should have a better sense of the true value of INX-189 after completion of both phase 2 studies by the middle of 2012. If positive, we see a lucrative deal for INX-189 thereafter.

FV-100 UPDATE

Phase 2 FV-100 Data Show Potential…

In December 2010, Inhibitex announced results from the company's phase 2 trial studying FV-100 as a treatment for herpes zoster, commonly known as shingles. The trial was a well-controlled, double-blind, clinical trial evaluating FV-100 against an active control of Glaxo's Valtrex (valacyclovir). Roughly 350 patients, aged 50 years and older, were randomized to one of three treatment arms: 200 mg FV-100 administered once daily; 400 mg FV-100 administered once daily; and 1,000 mg valacyclovir administered three times per day. The primary endpoint of the study was a reduction in herpes zoster associated pain and severity as measured by the Zoster burden of illness (BOI) scale after 30 days of treatment. The trial was 80% powered to detect an approximate 20-25% difference between the FV-100 and Valtrex cohorts. Secondary endpoints included the BOI after 90 days, incidence of post herpetic neuralgia (PHN), mean time to lesion crusting and healing, and use of concomitant pain medications.

	FV-100 200mg QD (n=107)	FV-100 400mg QD (n=113)	Valacyclovir 1000mg TID (n=109)
Zoster BOI Day 30	114.49	110.31	117.96
Zoster BOI Day 90	221.53	196.94	229.59
Incidence of PHN	17.8%	12.4%	20.2%

For FV-100 200mg QD: The data show a 3% reduction on the BOI-30 primary endpoint and a 4% reduction on the BOI-90 endpoint vs. valacyclovir 1000mg TID. Patients on FV-100 200mg also had a 12% reduce incidence of PHN (17.8% vs. 20.2%) vs. valacyclovir.

For FV-100 400mg QD: The data show a 7% reduction on the BOI-30 primary endpoint and a 14% reduction on the BOI-90 endpoint vs. valacyclovir 1000mg TID. Patients on FV-100 400mg also had a 39% reduce incidence of PHN (12.4% vs. 20.2%) vs. valacyclovir.

The trial missed the primary endpoint of a 20-25% difference between the FV-100 cohorts vs. Valtrex on the BOI-30 scale. In fact, results weren't even close. But we believe the trial was far from a failure. On the contrary, we are highly encouraged by the following:

- ✓ There was continued separation from the FV-100 cohorts and valacyclovir between BOI-30 and BOI-90:

    - FV-100 200mg QD went from 3% improvement at BOI-30 to 4% improvement at BOI-90
    - FV-100 400mg QD went from 7% improvement at BOI-30 to 14% improvement at BOI-90
    - This shows the drug is working over time. Additionally, management noted that the average "worst pain" at day 90 was lower for the FV-100 cohorts vs. valacyclovir. The BOI composite endpoint is a measure of both severity and duration. We believe severity clearly trended in FV-100's favor.

- ✓ There is clear dose response. The FV-100 400mg arm showed reduced BOI-30 and BOI-90 scores vs. the FV-100 200mg arm. This present the opportunity to test even higher doses in the future. Does response is one of the key things we look for during a phase 2 proof-of-concept program.

- ✓ The reduced incidence of PHN is the most clinically meaningful endpoint. PHN is the paramount concern for physicians and patients treating a zoster infection. Onset of PHN brings use of additional pain medications, including opioids, added cost potential complications. We believe a 39% reduced risk of PHN for patients taking FV-100 400mg is enough alone to drive prescription use if approved.

- ✓ Roughly 20% more patients on valacyclovir used opioids (52% vs. 42%) than on FV-100. We think this is important to note because the BOI-30 and BOI-90 data accounts for pain severity and duration regardless of the use of concomitant pain medications. For FV-100 400mg the BOI-90 showed a 14% reduction vs. valacyclovir despite the fact that 20% more on valacyclovir were also on opioids.

    - This is something to keep an eye on for the phase 3 program. Management cannot control opioid use during the trial. If more control patients are using opioids then the pain scores in the control will be tainted (lowered) as a result. Pain may not be the best way to asses FV-100's utility. We think investors should be focusing on the lower incidence of PHN and the increase opioid use as clear signs that FV-100 is superior to valacyclovir.

- ✓ FV-100 offers secondary benefits vs. valacyclovir:

    - FV-100 is once daily (QD) dosing vs. valacyclovir three-times daily (TID) dosing. Also, the FV-100 400mg pill is a lot smaller and easier to swallow than the valacyclovir 1000mg pill.
    - Enrollment characteristic showed that 10% of the patients randomized to the study had baseline creatinine serum levels less than 50. The Valtrex label requires that these patients with potential renal insufficiency receive a lower dose for safety reasons. FV-100 is primarily cleared by the liver, and thus management does not believe the FDA will require this creatinine level test prior to dosing. This could save the physician time and the patient money in the long run.

Safety and tolerability of FV-100 looks generally similar to valacyclovir during the phase 2 program. The chart below shows the adverse events (AEs) and serious adverse events (SAEs) as well as discontinuations.

	FV-100 200mg QD (n=117)	**FV-100 400mg QD (n=117)**	**Valacyclovir 1000mg TID (n=116)**
Excluded as Zoster Negative	n=10	n=4	n=7
Any Adverse Events	46%	55%	42%
Treatment-Related AEs	21%	26%	20%
Serious Adverse Events	0%	4%	3%
Treatment-Related SAEs	0%	0%	2%

Adverse events in any cohort that exceeded 10% were headache and nausea. Serious adverse events were low and generally not related to drug treatment. Given the similar safety and tolerability profile of FV-100 vs. valacyclovir, we do not believe there is any limitation that would prohibit use if approved. Management has additional safety data of FV-100 800mg QD as well. Given the clear dose response seen in the phase 2 data above, testing a higher dose for the phase 2b or phase 3 program may be appropriate.

…Next Steps…

Management continues to analyze the data from the phase 2 program. We expect to see the full data at a medical conference during 2011. Inhibitex is currently performing various analyses of the full data set and an evaluation of various clinical, regulatory and commercial pathways for the potential future development of FV-100, which it anticipates concluding by the middle of 2011. Based on the results of the phase 2 program, FV-100 has potential to reduce sub-acute pain and incidence of PHN following a shingles outbreak. Inhibitex will meet with the FDA to discuss these finds and potentially seek to move forward with PHN reduction or severity and duration of pain reduction as a primary label indication for the drug.

The next step for management following discussions with the FDA will most likely be another phase 2b program looking to quantify the dose response around the severity and duration of pain reduction. We expect management may look to test even higher doses than the 400mg dose, potentially up to 800mg. Phase 1 studies justify the safety of an 800mg dose, but questions remain on if it will be 400mg twice daily or 800mg once daily. Questions also remain on the endpoints for the phase 2b program. FV-100 was originally developed as an anti-viral medication, but the development pathway seems to be shifting from anti-viral to anti-pain / anti-PHN.

Conclusion → We believe that FV-100 is a partnerable drug. However, Inhibitex will need to conduct another phase 2 program to prove the pain and reduced incidence of PHN are viable endpoints. They also need to continue to conduct market research showing clear interest from payors and physicians to use the drug. If they can successfully complete the next phase 2, we see a partnership for phase 3 as likely in 2012.

RECOMMENDATION

Really Like The Story – In 2012

We really like the investment story at Inhibitex. The company is sitting on two potential multi-hundred million dollar drugs with INX-189 and FV-100. However, phase 2 trials on both needs to be completed before the assets are truly partnerable. These programs will start in the next few months and offer data in 2012. If positive, either one of these assets alone could bring an upfront deal capable of moving the shares above our $5 target.

With two shots on goal for meaningful partnerships in 2012, Inhibitex is an attractive long-term hold. However, investors can be patients now, as the data is still 12 months away. In the meantime, we feel comfortable with the nearly $60 million in cash on hand that Inhibitex remains in a solid position fundamentally. Our target is $5.

PROJECTED FINANCIALS

Inhibitex, Inc.
Income Statement

	2009 A	2010 A	Q1 A	Q2 E	Q3 E	Q4 E	2011 E	2012 E	2013 E	2014 E
FV-100 (U.S.)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$50
FV-100 (Ex-U.S.)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
FV-100 Royalty	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$10.0**
YOY Growth	-	-	-	-	-	-	-	-	-	-
INX-189	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-	-
Collaborative R&D	$1.0	$1.0	$0.3	$0.3	$0.3	$0.3	$1.0	$2.5	$2.5	$2.5
License Fees & Milestones, Grants	$0.2	$0.9	$0.0	$0.0	$0.0	$0.0	$0.2	$2.5	$5.0	$10.0
Total Other Revenues	**$1.2**	**$1.9**	**$0.3**	**$0.3**	**$0.3**	**$0.3**	**$1.2**	**$5.0**	**$7.5**	**$12.5**
YOY Growth	-	-					-	-	-	-
Total Revenues	**$1.2**	**$1.9**	**$0.3**	**$0.3**	**$0.3**	**$0.3**	**$1.2**	**$5.0**	**$7.5**	**$22.5**
YOY Growth	*-63.5%*	*61.9%*					*-38.2%*	*334.8%*	*50.0%*	*200.0%*
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0	$0.0	$0.0	$0.0
Product Gross Margin	-	-	-	-	-	-	-	-	-	-
SG&A	$3.6	$4.1	$1.2	$1.2	$1.3	$1.3	$5.0	$5.4	$5.6	$6.0
% SG&A	-	*218.1%*	-	-	-	-	*434.5%*	*108.0%*	*74.7%*	*26.7%*
R&D	$15.4	$21.0	$6.6	$5.5	$6.0	$7.0	$25.1	$25.0	$25.0	$25.0
% R&D	-	*1130.2%*	-	-	-	-	*2180.2%*	*500.0%*	*333.3%*	*111.1%*
Operating Income	($17.8)	($23.2)	($7.5)	($6.4)	($7.0)	($8.0)	($28.9)	($25.4)	($23.1)	($8.5)
Interest & Other Net	$0.2	$0.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.1	$0.1
Pre-Tax Income	($17.6)	($22.7)	($7.5)	($6.4)	($7.0)	($8.0)	($28.9)	($25.3)	($23.0)	($8.4)
Taxes / Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	($17.6)	($22.7)	($7.5)	($6.4)	($7.0)	($8.0)	($28.9)	($25.3)	($23.0)	($8.4)
YOY Growth	-	-					-	-	-	-
Reported EPS	**($0.38)**	**($0.37)**	**($0.12)**	**($0.09)**	**($0.09)**	**($0.11)**	**($0.40)**	**($0.33)**	**($0.29)**	**($0.11)**
YOY Growth	-	*-3.0%*	-	-	-	-	*10.0%*	*-17.8%*	*-10.8%*	*-64.4%*
Shares Outstanding	46.7	62.0	62.4	74.6	75.0	75.5	71.9	76.5	78.0	80.0

Source: Zacks Investment Research, Inc. *Jason Napodano, CFA*

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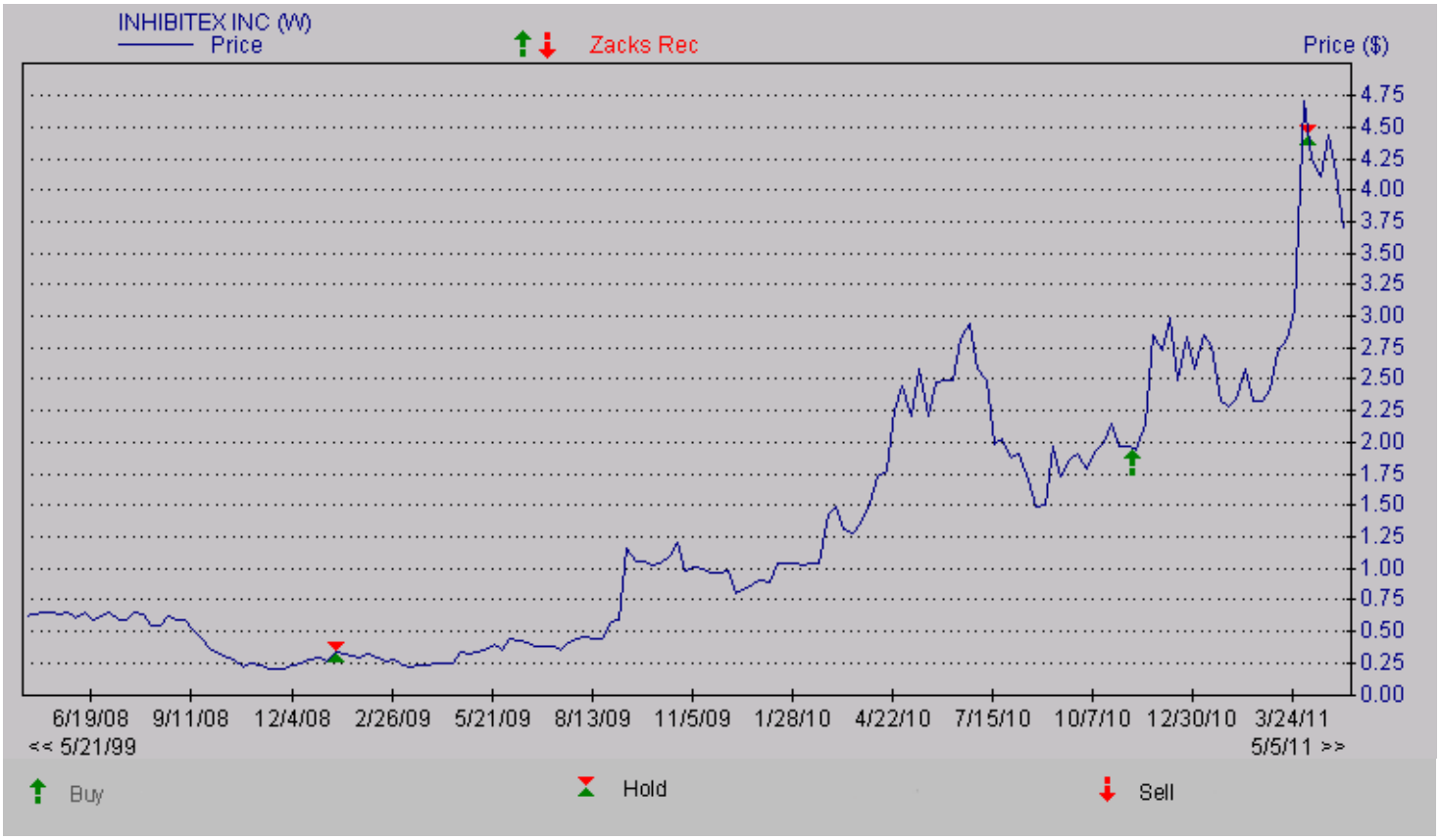

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