



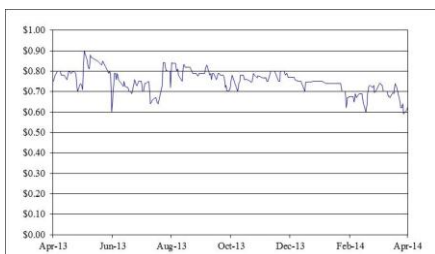
### MARKET STATISTICS

|                           |                |
|---------------------------|----------------|
| Price                     | \$0.81         |
| 52-Week Range             | \$0.51- \$0.90 |
| Daily Vol. (3 Month Avg.) | 4,072          |
| Market Cap (\$M)          | \$21.0         |
| Enterprise Value (\$M)    | \$20.9         |
| Shares Outstanding (M)    | 26.0           |
| Float (M)                 | 1.0            |
| Insider Ownership         | 71.2%          |
| Institutional Ownership   | 0.0%           |

### FINANCIAL SUMMARY

|            |    |      |
|------------|----|------|
| Equity (M) | \$ | 1.0  |
| BV/Sh      | \$ | 0.04 |
| Cash (M)   | \$ | 0.2  |
| Debt (M)   | \$ | 0.0  |
| Debt/Cap   |    | 4%   |

| FYE: Dec          | 2013A     | 2014E     | 2015E    |
|-------------------|-----------|-----------|----------|
| <i>(in \$000)</i> |           |           |          |
| Rev               | \$ 1,800  | \$ 3,146  | \$ 4,112 |
| Chng%             | 568%      | 75%       | 31%      |
| EBITDA            | \$ (449)  | \$ 255    | \$ 407   |
| EPS               | \$ (0.03) | \$ (0.00) | \$ 0.01  |
| EV/R              | 11.6x     | 6.7x      | 5.1x     |
| P/E               | nm        | nm        | nm       |



### COMPANY DESCRIPTION

OxySure Systems, Inc. is a medical technology company engaged in the design, manufacture, and distribution of emergency medical solutions. Its flagship product, the Oxysure Model 615, is a portable emergency oxygen device. The Company also offers complementary accessories, products, and solutions. Its products enhance the access to emergency oxygen that affects the survival, recovery, and safety of individuals in various areas of need. The Company sells its products to institutional customers through distributors, sub-distributors, and sales agents in the US and internationally.

## Oxysure Systems, Inc. (OTCBB:OXYS)

Dan D. Trang  
[DTrang@stonegateinc.com](mailto:DTrang@stonegateinc.com)  
214-987-4121

### Research Update: OXYS: Getting the word out

The Company is building on its CE Mark approval to penetrate markets inside and outside of Europe. It is making awareness its top priority in the coming quarters as it relies on survivor testimonials to bolster its proposition as a provider of life saving oxygen at critical moments.

#### Company reports mixed results

OXYS reported lower revenue than our expected estimates at \$400K vs \$700K as the Company heavily discounted its products to gain adoption amongst users. However, operating expenses were lower than projected, \$435K vs \$550K, driven by lower R&D. Net income was \$(376)K vs our estimates of \$(133)K with EPS in line with our projections at \$(0.01).

#### While penetrating various international markets

The Company recently launched the Model 615 in Australia, United Kingdom, Netherland, and Hong Kong. In addition, it received the CE Mark in Q1FY14 which was mentioned in our initiation report. The CE Mark paves the way to product introduction in 30 different countries belonging to the European Economic Area. These product launches and CE Mark certification are part of an ongoing effort for the Company to expand its international footprint while geographically diversifying its revenue stream.

#### And making awareness its top priority

The Company has awareness as its top priority. One way to push awareness is a greater emphasis on survivor stories and testimonials. In 2012, the Model 615 was instrumental in saving the life of a middle school student in Frisco, Texas. There are additional stories where Model 615 aided in providing lifesaving oxygen. Historically the Company has placed an emphasis on the benefits of Model 615 such as the portability and ease of use at trade shows and word of mouth. While these are good, we believe that emphasizing survivor stories show the efficacy of the Model 615 and should lead to greater adoption.

#### Model Changes

We have slightly adjusted our topline for FY14 to \$3.1M to reflect the reported results. We project opex for FY14 to be \$1.9M as a result of various initiatives resulting in net loss and EPS of (11.0)K and \$(0.00), respectively. In FY15, we project the Company to have a broader international footprint and increasing its y-o-y revenue to \$4.1M. We expect opex to increase y-o-y as the Company broadens its international footprint and the Company develops the next generation of Model 615. We project net income to be \$278.9K with an EPS of \$0.01 for FY15.

#### Valuation

The Company has positioned itself in the year 2014 with a defined strategic focus on expanding its distribution channels and entering new vertical markets. On multiple base comparison among publicly listed peers, comparable companies trade at 6.7x on EV/Sales basis for 2014E whereas OXYS is trading at 7.3x.

## INVESTMENT FACTORS

OxySure Systems, Inc. is a medical technology company, engaging in the design, manufacture, and distribution of respiratory and emergency medical solutions. The Company pioneered a safe and easy to use solution to produce medically pure (USP) oxygen from inert powders. It has 9 patents and over 15 patents pending that make the provision of emergency oxygen safer, accessible and easier to use than traditional oxygen delivery systems.

Oxysure's flagship product, the Model 615 products provide emergency oxygen access for the survival, recovery and safety of individuals in any setting where medical emergencies can occur. The Model 615 aids individuals at risk for cardiac, respiratory or general medical distress needing immediate aid before emergency responders arrive in various settings from educational, industrial, mining, military, or other environments.

### Investment Positives

#### Company's flagship product has FDA clearance

The product, Model 615, has FDA 510k clearance. In 2005, Oxysure was awarded 510k clearance for over the counter sale, without the need for a prescription. The over the counter clearance gives Oxysure the ability to sell its Model 615 to customers who are unable or unwilling to receive a prescription for medical oxygen. The OTC clearance gives the Company an advantage over its competitors whom the FDA deem necessary for a prescription to obtain their products. A prescription is required of oxygen systems reliant on pressurized oxygen tanks. We believe that because the Model 615 is not reliant on a pressurized oxygen tank and has 510k clearance the Company has cleared a barrier to entry in the emergency response product market.

#### Model 615 product is easy to use and has broad applications

Oxysure's Model 615 is portable and allows the product to be used in a variety of public and private environments. The Company features a portable thermal bag for easy transportation. Emergency oxygen can help ease the pain and breathing discomfort. The segment who are most at-risk for the need of emergency oxygen are people with asthma, people with chronic obstructive pulmonary disease and people with heart conditions. Emergency oxygen can be administered in most public environments including schools, work offices, military bases, churches, and other places. Model 615 features an easy-to-turn knob that allows for the individual by him or herself to administer the oxygen. We believe that ease of use and broad applications is beneficial in terms of adoption by users.

#### Fewer risks associated with tankless emergency oxygen

The risks associated with emergency oxygen devices are mitigated through the exclusion of the tank. The Company's device does not face these same risk factors of emergency oxygen systems that have a tank. Model 615 is in a powder solution form until the knob is turned on. There is an inherent risk associated with oxygen tanks because of its compressed format. Although the actual oxygen itself is not flammable, the compressed oxygen in the tanks increases the flammability of the surrounding objects. Tanks can also create harmful explosions when they are submersed in fires. The mixture of the heat of the fire along with the pressure of the oxygen within the tank creates a harmful explosion. In addition, Model 615 does not need to be checked regularly nor does it require regular maintenance. Oxygen tanks lose their pressure over time due to leaks in the casing. We believe that OXYS has a significant advantage over tank based solutions in terms of safety and applicability.

**Investment challenges / risks****OXYS is an early stage company with a history of losses**

The Company has yet to produce an operating profit and has a history of net losses. As of March 2013, the Company has a \$15.7M accumulated deficit. Additionally, OXYS expects to spend substantial amounts of capital on research and development, FDA approval, and the production capability. The Company anticipates it will also spend on the manufacturing and the commercialization of future products. Capital raised through the sale of equity or convertible securities raises the risk of shareholder dilution.

**Uncertain if Company's products will achieve commercial acceptance**

The industry where the Company operates is the medical device industries and competition is extremely intense. There is no assurance of its products commercial acceptance or profitability in the long term. Also, superior technology could be introduced or customer needs could change. If the Company is unable to create a cost effective device and gain the acceptance by customers, its business could be materially and adversely affected.

**Competition in the medical device market is intense**

The current medical device and emergency response device market is highly competitive and has numerous players and potential players. Most of the competition has greater financial, technical, manufacturing, marketing, and operational resources as well as greater industry experience. Target customers may choose to use the competitions' products. If this occurs, sales and revenues will be negatively affected. In addition, more established players may establish cooperative relationships with a large supplier or medical device company. Competition could result in pricing pressure, thus reducing gross margin, and making it difficult to maintain market share.

## VALUATION SUMMARY

### Comparable Analysis

The Company is making substantial inroads with various buyers within large institutions. Its 510k clearance makes it simple for customers to buy the Model 615 over the counter and it's easy to use platform allows anyone to administer oxygen to someone in need. With a unique product, the Model 615, its portability and user-friendly set-up, Oxysure Systems appears in a position to take advantage of the emergency response device industry through greater adoption in various settings.

On multiple base comparison among publicly listed peers, comparable companies trade at 6.7x on EV/Sales basis for 2014E whereas OXYS is trading at 7.3x. Below is our comparative analysis.

### Exhibit 1: Comparable Analysis

#### Comparative Analysis

OXYSure (OTCBB: OXYS)

(all figures in \$M except per share information)

| Name                            | Ticker      | Price (1)      | Sh          | Mrkt Cap        | EV              | EV/S (2)     |             |             |
|---------------------------------|-------------|----------------|-------------|-----------------|-----------------|--------------|-------------|-------------|
|                                 |             |                |             |                 |                 | TTM          | 2014 E      | 2015 E      |
| DexCom, Inc.                    | DXCM        | \$ 32.42       | 74.92       | \$ 2,428.8      | \$ 2,377.7      | 13.4x        | 10.7x       | 7.9x        |
| Masimo Corporation              | MASI        | \$ 24.07       | 56.74       | \$ 1,365.7      | \$ 1,248.1      | nm           | 2.1x        | 2.0x        |
| Novadaq Technologies Inc.       | NDQ         | \$ 17.50       | 55.19       | \$ 965.8        | \$ 770.3        | 20.3x        | 15.6x       | 9.8x        |
| Inogen, Inc.                    | INGN        | \$ 16.21       | 18.19       | \$ 294.9        | \$ 244.5        | 2.9x         | 2.6x        | 2.2x        |
| Hansen Medical, Inc.            | HNSN        | \$ 1.25        | 103.33      | \$ 129.2        | \$ 140.6        | 7.9x         | 7.3x        | 5.1x        |
| Oxygen Biotherapeutics, Inc.    | OXBT        | \$ 4.92        | 17.15       | \$ 84.4         | \$ 124.1        | 246.9x       | nm          | nm          |
| Allied Healthcare Products Inc. | AHPI        | \$ 2.14        | 8.03        | \$ 17.2         | \$ 64.2         | nm           | nm          | nm          |
| <b>Average</b>                  |             |                |             | <b>\$ 755.1</b> | <b>\$ 710.0</b> | <b>58.3x</b> | <b>7.6x</b> | <b>5.4x</b> |
| <b>Median</b>                   |             |                |             | <b>\$ 294.9</b> | <b>\$ 244.5</b> | <b>13.4x</b> | <b>7.3x</b> | <b>5.1x</b> |
| <b>OxySure Systems, Inc.</b>    | <b>OXYS</b> | <b>\$ 0.81</b> | <b>26.0</b> | <b>\$ 21.0</b>  | <b>\$ 20.9</b>  | <b>11.6x</b> | <b>6.7x</b> | <b>5.1x</b> |

(1) Previous day's closing price

Source: Company reports, Capital IQ, Stonegate Securities

Source: (1) Previous day's closing price

Company Reports, Stonegate Securities

We see the following important catalysts for the stock in FY2014 and beyond:

- Greater adoption by end users of Model 615.....FY14 & FY15
- New relationships with distributors across the US and abroad..... FY14 & FY15
- Entry into direct to consumer sales channel.....FY14 & FY15
- Get insurance reimbursement for Model 615.....FY14 & FY15
- Enter new vertical mass market.....FY14 & FY15
- Enter strategic alliance to grow sales organically.....FY14 & FY15

## COMPARABLE ANALYSIS

### Comparative Analysis

**OXYSure (OTCBB: OXYS)**

(all figures in \$M except per share information)

| Name                            | Ticker      | Price (1)     | Sh          | Mrkt Cap       | EV             | E          | Revenues (2)  |               |               |
|---------------------------------|-------------|---------------|-------------|----------------|----------------|------------|---------------|---------------|---------------|
|                                 |             |               |             |                |                |            | TTM           | 2014 E        | 2015 E        |
| DexCom, Inc.                    | DXCM        | \$ 32.42      | 74.9        | \$ 2,428.8     | \$ 2,377.7     | Dec        | \$ 177.5      | \$ 222.0      | \$ 300.8      |
| Masimo Corporation              | MASI        | \$ 24.07      | 56.7        | \$ 1,365.7     | \$ 1,248.1     | Dec        | \$ 544.9      | \$ 591.3      | \$ 639.7      |
| Novadaq Technologies Inc.       | NDQ         | \$ 17.50      | 55.2        | \$ 965.8       | \$ 770.3       | Dec        | \$ 38.0       | \$ 49.5       | \$ 78.4       |
| Inogen, Inc.                    | INGN        | \$ 16.21      | 18.2        | \$ 294.9       | \$ 244.5       | Dec        | \$ 83.3       | \$ 95.7       | \$ 111.0      |
| Hansen Medical, Inc.            | HNSN        | \$ 1.25       | 103.3       | \$ 129.2       | \$ 140.6       | Dec        | \$ 17.7       | \$ 19.3       | \$ 27.6       |
| Oxygen Biotherapeutics, Inc.    | OXBT        | \$ 4.92       | 17.2        | \$ 84.4        | \$ 124.1       | Dec        | \$ 0.5        | \$ -          | \$ -          |
| Pulse Health Limited            | PHG         | \$ 0.58       | 113.8       | \$ 65.4        | \$ 92.8        | Dec        | \$ 50.4       | \$ -          | \$ -          |
| Allied Healthcare Products Inc. | AHPI        | \$ 2.14       | 8.0         | \$ 17.2        | \$ 64.2        | Dec        | \$ 36.7       | \$ -          | \$ -          |
| <b>OxySure Systems, Inc.</b>    | <b>OXYS</b> | <b>\$0.81</b> | <b>26.0</b> | <b>\$ 21.0</b> | <b>\$ 20.9</b> | <b>Dec</b> | <b>\$ 1.8</b> | <b>\$ 3.1</b> | <b>\$ 4.1</b> |

| Name                            | Ticker      | Price (1)      | Sh          | Mrkt Cap        | EV              | EV/S (2)     |             |             |
|---------------------------------|-------------|----------------|-------------|-----------------|-----------------|--------------|-------------|-------------|
|                                 |             |                |             |                 |                 | TTM          | 2014 E      | 2015 E      |
| DexCom, Inc.                    | DXCM        | \$ 32.42       | 74.92       | \$ 2,428.8      | \$ 2,377.7      | 13.4x        | 10.7x       | 7.9x        |
| Masimo Corporation              | MASI        | \$ 24.07       | 56.74       | \$ 1,365.7      | \$ 1,248.1      | nm           | 2.1x        | 2.0x        |
| Novadaq Technologies Inc.       | NDQ         | \$ 17.50       | 55.19       | \$ 965.8        | \$ 770.3        | 20.3x        | 15.6x       | 9.8x        |
| Inogen, Inc.                    | INGN        | \$ 16.21       | 18.19       | \$ 294.9        | \$ 244.5        | 2.9x         | 2.6x        | 2.2x        |
| Hansen Medical, Inc.            | HNSN        | \$ 1.25        | 103.33      | \$ 129.2        | \$ 140.6        | 7.9x         | 7.3x        | 5.1x        |
| Oxygen Biotherapeutics, Inc.    | OXBT        | \$ 4.92        | 17.15       | \$ 84.4         | \$ 124.1        | 246.9x       | nm          | nm          |
| Allied Healthcare Products Inc. | AHPI        | \$ 2.14        | 8.03        | \$ 17.2         | \$ 64.2         | nm           | nm          | nm          |
| <b>Average</b>                  |             |                |             | <b>\$ 755.1</b> | <b>\$ 710.0</b> | <b>58.3x</b> | <b>7.6x</b> | <b>5.4x</b> |
| <b>Median</b>                   |             |                |             | <b>\$ 294.9</b> | <b>\$ 244.5</b> | <b>13.4x</b> | <b>7.3x</b> | <b>5.1x</b> |
| <b>OxySure Systems, Inc.</b>    | <b>OXYS</b> | <b>\$ 0.81</b> | <b>26.0</b> | <b>\$ 21.0</b>  | <b>\$ 20.9</b>  | <b>11.6x</b> | <b>6.7x</b> | <b>5.1x</b> |

(1) Previous day's closing price

Source: Company reports, Capital IQ, Stonegate Securities

## BALANCE SHEETS

| OXYSure (OTCBB: OXYS)                             |                 |                   |                   |                   |                   |                   |                   |
|---|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Consolidated Balance Sheets (in thousands \$)     |                 |                   |                   |                   |                   |                   |                   |
| Fiscal Year: December                             |                 |                   |                   |                   |                   |                   |                   |
|   | FY 2012         | Q1<br>Mar-13      | Q2<br>Jun-13      | Q3<br>Sep-13      | Q4<br>Dec-13      | FY 2013           | Q1<br>Mar-14      |
| <b>ASSETS</b>                                     |                 |                   |                   |                   |                   |                   |                   |
| <b>Current Assets</b>                             |                 |                   |                   |                   |                   |                   |                   |
| Cash & cash equivalents                           | \$13.5          | \$94.9            | \$96.2            | \$4.8             | \$657.7           | \$657.7           | \$150.7           |
| Accounts receivables, net                         | 18.5            | 73.0              | 80.9              | 54.0              | 47.2              | 47.2              | 320.0             |
| Inventories                                       | 221.3           | 221.5             | 288.5             | 271.4             | 287.7             | 287.7             | 277.3             |
| Prepaid expenses and other current assets         | 36.9            | -                 | -                 | 0.3               | 107.3             | 107.3             | 50.5              |
| <b>Total Current Assets</b>                       | <b>290.2</b>    | <b>389.4</b>      | <b>465.6</b>      | <b>330.4</b>      | <b>1,599.8</b>    | <b>1,599.8</b>    | <b>1,261.8</b>    |
| Property and equipment, net                       | 46.5            | 23.3              | 23.5              | 24.3              | 70.2              | 70.2              | 129.6             |
| Intangible assets, net                            | 418.5           | 411.0             | 407.5             | 400.0             | 392.7             | 392.7             | 385.2             |
| Other assets                                      | 124.2           | 493.1             | 469.9             | 446.7             | 289.5             | 289.5             | 306.1             |
| <b>Total Assets</b>                               | <b>\$ 879.4</b> | <b>\$ 1,316.9</b> | <b>\$ 1,366.5</b> | <b>\$ 1,201.3</b> | <b>\$ 2,352.4</b> | <b>\$ 2,352.4</b> | <b>\$ 2,082.8</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                 |                   |                   |                   |                   |                   |                   |
| <b>Current Liabilities</b>                        |                 |                   |                   |                   |                   |                   |                   |
| Accounts payable and accrued expenses             | 302.4           | 687.5             | 724.2             | 469.5             | 147.7             | 147.7             | 352.0             |
| Related party payable                             | 207.5           | -                 | -                 | 108.5             | 118.6             | 118.6             | 29.5              |
| Capital leases - current                          | 308.7           | 309.0             | 308.5             | 308.2             | 309.1             | 309.1             | 308.6             |
| Notes payable - current                           | 398.6           | 448.5             | 462.3             | 40.9              | 44.0              | 44.0              | 47.1              |
| Convertible notes payable                         | -               | -                 | -                 | 503.3             | 229.9             | 229.9             | 252.6             |
| <b>Total Current Liabilities</b>                  | <b>1,716.4</b>  | <b>1,819.2</b>    | <b>1,756.7</b>    | <b>1,433.4</b>    | <b>852.4</b>      | <b>852.4</b>      | <b>989.8</b>      |
| <b>Long-Term Liabilities</b>                      |                 |                   |                   |                   |                   |                   |                   |
| Capital Leases                                    | 3.2             | 2.3               | 2.3               | 2.3               | 0.6               | 0.6               | 0.6               |
| Notes Payable                                     | 76.1            | 76.1              | 76.1              | 76.1              | 76.1              | 76.1              | 76.1              |
| <b>Total Long-Term Liabilities</b>                | <b>79.3</b>     | <b>78.4</b>       | <b>78.4</b>       | <b>78.4</b>       | <b>76.6</b>       | <b>76.6</b>       | <b>76.6</b>       |
| <b>Stockholders' Equity</b>                       |                 |                   |                   |                   |                   |                   |                   |
| Preferred stock                                   | 0.4             | 0.4               | 0.4               | 0.4               | 0.4               | 0.4               | 0.3               |
| Common stock                                      | 9.0             | 9.2               | 9.5               | 9.7               | 10.3              | 10.3              | 10.4              |
| Subscribed shares                                 | -               | 0.2               | 0.2               | 0.1               | -                 | -                 | -                 |
| Additional paid-in capital                        | 13,649.4        | 13,838.0          | 14,142.5          | 14,383.1          | 16,700.3          | 16,700.3          | 16,669.5          |
| Accumulated deficit                               | (14,575.2)      | (14,428.5)        | (14,621.1)        | (14,703.7)        | (15,287.6)        | (15,287.6)        | (15,664.0)        |
| <b>Total Stockholders' Equity (deficit)</b>       | <b>(916.3)</b>  | <b>(580.6)</b>    | <b>(468.5)</b>    | <b>(310.4)</b>    | <b>1,423.4</b>    | <b>1,423.4</b>    | <b>1,016.3</b>    |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 879.4</b> | <b>\$ 1,316.9</b> | <b>\$ 1,366.5</b> | <b>\$ 1,201.3</b> | <b>\$ 2,352.4</b> | <b>\$ 2,352.4</b> | <b>\$ 2,082.8</b> |
| <b>Ratios</b>                                     |                 |                   |                   |                   |                   |                   |                   |
| <b>Liquidity</b>                                  |                 |                   |                   |                   |                   |                   |                   |
| Current Ratio                                     | 0.2x            | 0.2x              | 0.3x              | 0.2x              | 1.9x              | 1.9x              | 1.3x              |
| Quick Ratio                                       | 0.0x            | 0.1x              | 0.1x              | 0.0x              | 1.5x              | 1.5x              | 1.0x              |
| Working Capital                                   | (\$1,426.2)     | (\$1,429.7)       | (\$1,291.0)       | (\$1,103.0)       | \$747.5           | \$747.5           | \$272.0           |
| <b>Leverage</b>                                   |                 |                   |                   |                   |                   |                   |                   |
| Debt To Equity                                    | -51.8%          | -90.3%            | -114.9%           | -37.7%            | 8.4%              | 8.4%              | 4.6%              |
| Debt To Capital                                   | -107.5%         | -935.4%           | 771.1%            | -60.5%            | 7.8%              | 7.8%              | 4.4%              |
| <b>Capital Usage -Annualized</b>                  |                 |                   |                   |                   |                   |                   |                   |
| A/R Turns   | 25.4x           | 21.0x             | 24.7x             | 32.4x             | 42.5x             | 54.8x             | 7.8x              |
| Inv Turns   | 0.6x            | 1.0x              | 2.4x              | 1.6x              | 2.5x              | 1.9x              | 2.9x              |
| A/P Turns   | 0.5x            | 0.4x              | 0.9x              | 0.7x              | 2.2x              | 2.2x              | 3.3x              |

Source: Company Reports, Stonegate Securities

**INCOME STATEMENTS**

| OXYSure (OTCBB: OXYX)   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|----------------|----------------|
| Consolidated Statements of Income (in thousands \$, except per share amounts) |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Fiscal Year: December   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
|   | FY 2012          | Q1 Mar-13        | Q2 Jun-13        | Q3 Sep-13        | Q4 Dec-13        | FY 2013          | Q1 Mar-14        | Q2 E Jun-14      | Q3 E Sep-14    | Q4 E Dec-14    | FY 2014 E        | Q1 E Mar-15      | Q2 E Jun-15    | Q3 E Sep-15    | Q4 E Dec-15    | FY 2015 E      |
| <b>Revenues</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Revenues  | \$ 269.7         | \$ 240.4         | \$ 476.1         | \$ 545.8         | \$ 538.0         | \$ 1,800.3       | \$ 356.2         | \$ 785.5         | \$ 982.5       | \$ 1,022.2     | \$ 3,146.5       | \$ 694.6         | \$ 981.9       | \$ 1,188.8     | \$ 1,247.1     | \$ 4,112.5     |
| <b>Total revenue</b>  | \$ 269.7         | \$ 240.4         | \$ 476.1         | \$ 545.8         | \$ 538.0         | \$ 1,800.3       | \$ 356.2         | \$ 785.5         | \$ 982.5       | \$ 1,022.2     | \$ 3,146.5       | \$ 694.6         | \$ 981.9       | \$ 1,188.8     | \$ 1,247.1     | \$ 4,112.5     |
| <b>Cost of revenues</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Cost of sales   | 143.8            | 53.2             | 152.5            | 111.1            | 173.6            | 490.3            | 205.6            | 300.0            | 234.0          | 315.0          | 1,054.6          | 230.0            | 280.0          | 315.0          | 375.0          | 1,200.0        |
| Total cost of revenues  | 143.8            | 53.2             | 152.5            | 111.1            | 173.6            | 490.3            | 205.6            | 300.0            | 234.0          | 315.0          | 1,054.6          | 230.0            | 280.0          | 315.0          | 375.0          | 1,200.0        |
| <b>Gross (loss) profit</b>  | <b>125.9</b>     | <b>187.2</b>     | <b>323.6</b>     | <b>434.7</b>     | <b>364.5</b>     | <b>1,310.0</b>   | <b>150.6</b>     | <b>485.5</b>     | <b>748.5</b>   | <b>707.2</b>   | <b>2,091.9</b>   | <b>464.6</b>     | <b>701.9</b>   | <b>873.8</b>   | <b>872.1</b>   | <b>2,912.5</b> |
| <b>Operating expenses</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| R&D   | 25.8             | 36.7             | 183.4            | 134.4            | 1.5              | 356.0            | 1.5              | 50.0             | 50.0           | 50.0           | 151.5            | 75.0             | 75.0           | 100.0          | 100.0          | 350.0          |
| G&A   | 1,107.1          | 256.6            | 194.8            | 266.3            | 371.4            | 1,089.1          | 345.8            | 320.0            | 325.0          | 330.0          | 1,320.8          | 350.0            | 350.0          | 400.0          | 400.0          | 1,500.0        |
| S&M   | 131.9            | 107.3            | 133.7            | 77.8             | 34.2             | 353.2            | 87.9             | 100.0            | 125.0          | 125.0          | 437.9            | 135.0            | 140.0          | 180.0          | 200.0          | 655.0          |
| Total operating expenses  | 1,264.8          | 400.7            | 512.0            | 478.5            | 407.1            | 1,798.3          | 435.2            | 470.0            | 500.0          | 505.0          | 1,910.2          | 560.0            | 565.0          | 680.0          | 700.0          | 2,505.0        |
| <b>Income (loss) from operations</b>  | <b>(1,138.9)</b> | <b>(213.4)</b>   | <b>(188.4)</b>   | <b>(43.8)</b>    | <b>(42.7)</b>    | <b>(488.3)</b>   | <b>(284.6)</b>   | <b>15.5</b>      | <b>248.5</b>   | <b>202.2</b>   | <b>181.6</b>     | <b>(95.4)</b>    | <b>136.9</b>   | <b>193.8</b>   | <b>172.1</b>   | <b>407.5</b>   |
| <b>Other (income) / expense:</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Interest expense, net   | 217.0            | 28.7             | 23.3             | 47.2             | 150.8            | 250.0            | 91.4             | 44.3             | 44.3           | 44.3           | 224.3            | 44.3             | 44.3           | 42.0           | 42.0           | 172.6          |
| Other income, net   | (224.6)          | -                | (19.0)           | (8.4)            | 1.6              | (25.8)           | 0.3              | (10.0)           | (12.0)         | (10.0)         | (31.7)           | (12.0)           | (10.0)         | (12.0)         | (10.0)         | (44.0)         |
| Total other (income) / expense:   | (7.6)            | 28.7             | 4.2              | 38.8             | 152.4            | 224.2            | 91.7             | 34.3             | 32.3           | 34.3           | 192.6            | 32.3             | 34.3           | 30.0           | 32.0           | 128.6          |
| <b>Pre-tax income (loss)</b>  | <b>(1,146.5)</b> | <b>(242.2)</b>   | <b>(192.6)</b>   | <b>(82.6)</b>    | <b>(195.1)</b>   | <b>(712.5)</b>   | <b>(376.3)</b>   | <b>(18.8)</b>    | <b>216.2</b>   | <b>167.9</b>   | <b>(11.0)</b>    | <b>(127.7)</b>   | <b>102.6</b>   | <b>163.8</b>   | <b>140.1</b>   | <b>278.9</b>   |
| Income taxes (benefit)  | -                | -                | -                | -                | -                | -                | -                | -                | -              | -              | -                | -                | -              | -              | -              | -              |
| <b>Net income (loss)</b>  | <b>(1,146.5)</b> | <b>(242.2)</b>   | <b>(192.6)</b>   | <b>(82.6)</b>    | <b>(195.1)</b>   | <b>(712.5)</b>   | <b>(376.3)</b>   | <b>(18.8)</b>    | <b>216.2</b>   | <b>167.9</b>   | <b>(11.0)</b>    | <b>(127.7)</b>   | <b>102.6</b>   | <b>163.8</b>   | <b>140.1</b>   | <b>278.9</b>   |
| <b>Net income (loss) to common</b>  | <b>(1,146.5)</b> | <b>(242.2)</b>   | <b>(192.6)</b>   | <b>(82.6)</b>    | <b>(195.1)</b>   | <b>(712.5)</b>   | <b>(376.3)</b>   | <b>(18.8)</b>    | <b>216.2</b>   | <b>167.9</b>   | <b>(11.0)</b>    | <b>(127.7)</b>   | <b>102.6</b>   | <b>163.8</b>   | <b>140.1</b>   | <b>278.9</b>   |
| <b>Basic EPS (loss) (1)</b>   | <b>\$ (0.06)</b> | <b>\$ (0.01)</b> | <b>\$ (0.01)</b> | <b>\$ (0.00)</b> | <b>\$ (0.01)</b> | <b>\$ (0.03)</b> | <b>\$ (0.01)</b> | <b>\$ (0.00)</b> | <b>\$ 0.01</b> | <b>\$ 0.01</b> | <b>\$ (0.00)</b> | <b>\$ (0.00)</b> | <b>\$ 0.00</b> | <b>\$ 0.00</b> | <b>\$ 0.00</b> | <b>\$ 0.01</b> |
| Basic shares outstanding  | 19,573.5         | 22,665.5         | 23,167.4         | 24,076.8         | 23,754.4         | 23,416.0         | 25,889.3         | 26,148.2         | 26,409.7       | 26,409.7       | 26,214.2         | 31,486.7         | 33,061.1       | 34,714.1       | 36,449.8       | 33,927.9       |
| EBITDA  | (972.8)          | (208.6)          | (183.7)          | (39.2)           | (17.2)           | (448.7)          | (258.9)          | 35.3             | 261.5          | 216.7          | 254.6            | (95.4)           | 136.9          | 193.8          | 172.1          | 407.5          |
| <b>Margin Analysis</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Gross margin  | 46.7%            | 77.9%            | 68.0%            | 79.6%            | 67.7%            | 72.8%            | 42.3%            | 61.8%            | 76.2%          | 69.2%          | 66.5%            | 66.9%            | 71.5%          | 73.5%          | 69.9%          | 70.8%          |
| R&D   | 9.6%             | 15.3%            | 38.5%            | 24.6%            | 0.3%             | 19.8%            | 0.4%             | 6.4%             | 5.1%           | 4.9%           | 4.8%             | 10.8%            | 7.6%           | 8.4%           | 8.0%           | 8.5%           |
| G&A   | 410.5%           | 106.7%           | 40.9%            | 48.8%            | 69.0%            | 60.5%            | 97.1%            | 40.7%            | 33.1%          | 32.3%          | 42.0%            | 50.4%            | 35.6%          | 33.6%          | 32.1%          | 36.5%          |
| S&M   | 48.9%            | 44.6%            | 28.1%            | 14.3%            | 6.4%             | 19.6%            | 24.7%            | 12.7%            | 12.7%          | 12.2%          | 13.9%            | 19.4%            | 14.3%          | 15.1%          | 16.0%          | 15.9%          |
| Operating margin  | -422.3%          | -88.8%           | -39.6%           | -8.0%            | -7.9%            | -27.1%           | -79.9%           | 2.0%             | 25.3%          | 19.8%          | 5.8%             | -13.7%           | 13.9%          | 16.3%          | 13.8%          | 9.9%           |
| Pre-tax margin  | -425.1%          | -100.7%          | -40.5%           | -15.1%           | -36.3%           | -39.6%           | -105.6%          | -2.4%            | 22.0%          | 16.4%          | -0.3%            | -18.4%           | 10.4%          | 13.8%          | 11.2%          | 6.8%           |
| Net income margin   | -425.1%          | -100.7%          | -40.5%           | -15.1%           | -36.3%           | -39.6%           | -105.6%          | -2.4%            | 22.0%          | 16.4%          | -0.3%            | -18.4%           | 10.4%          | 13.8%          | 11.2%          | 6.8%           |
| Tax rate  | 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%           | 0.0%           | 0.0%           | 0.0%           |
| EBITDA margin   | -360.7%          | -86.7%           | -38.6%           | -7.2%            | -3.2%            | -24.9%           | -72.7%           | 4.5%             | 26.6%          | 21.2%          | 8.1%             | -13.7%           | 13.9%          | 16.3%          | 13.8%          | 9.9%           |
| <b>Growth Rate Analysis Y/Y</b>   |                  |                  |                  |                  |                  |                  |                  |                  |                |                |                  |                  |                |                |                |                |
| Total revenue   | 45.6%            | 762.2%           | 657.0%           | 434.2%           | 601.0%           | 567.5%           | 48.2%            | 65.0%            | 80.0%          | 90.0%          | 74.8%            | 95.0%            | 25.0%          | 21.0%          | 22.0%          | 30.7%          |
| Total cost of revenues  | 39.0%            | 318.6%           | 506.1%           | 120.1%           | na               | 241.1%           | 286.6%           | 96.8%            | 110.6%         | na             | 115.1%           | 11.9%            | -6.7%          | 34.6%          | na             | 13.8%          |
| R&D   | na               | 61085.0%         | 15512.5%         | 23105.0%         | -93.8%           | 1279.0%          | -95.8%           | -72.7%           | -62.8%         | 3233.3%        | -57.4%           | 4767.0%          | 50.0%          | 100.0%         | 100.0%         | 131.0%         |
| G&A   | -3.8%            | -8.7%            | -18.0%           | 33.8%            | -4.7%            | -1.6%            | 34.7%            | 64.3%            | 22.0%          | -11.1%         | 21.3%            | 1.2%             | 9.4%           | 23.1%          | 21.2%          | 13.6%          |
| S&M   | na               | 4317.6%          | 637.5%           | 976.0%           | -67.1%           | 167.7%           | -18.1%           | -25.2%           | 60.6%          | 265.1%         | 24.0%            | 53.5%            | 40.0%          | 44.0%          | 60.0%          | 49.6%          |
| Operating income  | -6.5%            | 20.4%            | 14.0%            | 71.8%            | 91.4%            | 57.1%            | -33.3%           | 108.2%           | 667.2%         | 573.9%         | 137.2%           | 66.5%            | 782.2%         | -22.0%         | -14.9%         | 124.4%         |
| EBITDA  | 8.7%             | -8.0%            | 2.8%             | -65.7%           | -96.2%           | -53.9%           | 24.1%            | -119.2%          | -766.8%        | -1362.0%       | -156.8%          | -63.2%           | 287.6%         | -25.9%         | -20.6%         | 60.0%          |
| Pre-tax income  | 25.2%            | 25.6%            | 11.8%            | 38.8%            | 56.9%            | 37.9%            | -55.4%           | 90.2%            | 361.7%         | 186.1%         | 98.5%            | 66.1%            | 646.2%         | -24.2%         | -16.6%         | 2635.9%        |
| Net income  | 25.2%            | 25.6%            | 11.8%            | 38.8%            | 56.9%            | 37.9%            | -55.4%           | 90.2%            | 361.7%         | 186.1%         | 98.5%            | 66.1%            | 646.2%         | -24.2%         | -16.6%         | 2635.9%        |
| EPS   | 39.1%            | 41.4%            | 24.6%            | 47.2%            | 63.9%            | 48.1%            | -36.1%           | 91.4%            | 338.6%         | 177.4%         | 98.6%            | 72.1%            | 532.0%         | -42.4%         | -39.5%         | 2059.4%        |
| Share count - fully diluted   | 22.9%            | 27.0%            | 17.0%            | 16.0%            | 19.5%            | 19.6%            | 14.2%            | 12.9%            | 9.7%           | 11.2%          | 11.9%            | 21.6%            | 26.4%          | 31.4%          | 38.0%          | 29.4%          |

Source: Company Reports, Stonegate Securities estimates

## CASH FLOWS

| OXYSure (OTCBB: OXYS)  |                |                |                |                |                |                 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|
| Consolidated Statements of Cash Flows (cumulative)             |                |                |                |                |                |                 |
| Fiscal Year: December  |                |                |                |                |                |                 |
|  | FY 2012        | Q1             | Q2             | Q3             | FY 2013        | Q1              |
| Cash Flow from Operations                                      |                | Mar-13         | Jun-13         | Sep-13         |                | Mar-14          |
| Net income (loss)  | (1,144.8)      | (169.3)        | (362.0)        | (444.6)        | (712.5)        | (376.32)        |
| Adjustments to reconcile net income to net cash :              |                |                |                |                |                |                 |
| Depreciation   | 166.1          | 4.9            | 9.6            | 14.1           | 53.2           | 12.14           |
| Amortization of intangible assets                              | 202.0          | 30.7           | 15.0           | 22.5           | 207.2          | 95.78           |
| Prior period adjustment  | -              | (0.5)          | (0.5)          | (0.5)          | -              | 4.37            |
| Amortization of debt discount & warrant fair values            | -              | 21.8           | 32.5           | 67.7           | -              | -               |
| Amortization of original issuance & discounts of notes payable | -              | -              | 6.2            | 5.1            | -              | (16.27)         |
| Amortization of other assets                                   | (163.6)        | -              | 46.5           | 69.7           | -              | -               |
| Changes in deferred rent & leased improvement allowance        | -              | -              | 20.6           | 30.9           | -              | -               |
| Common stk options issued for compensation                     | 21.4           | (12.1)         | (12.1)         | 12.5           | 37.3           | 17.59           |
| Common stk and warrants issued for compensation                | 134.3          | -              | 1.5            | 1.5            | 61.5           | -               |
| Common stk and warrants issued for services                    | 76.4           | 19.0           | 19.0           | 39.2           | 126.8          | -               |
| Common stk issued in connection with R&D arrangement           | -              | -              | 5.6            | (14.1)         | -              | -               |
| Changes in operating assets & liabilities, net of acquisitions | -              | -              | -              | -              | -              | -               |
| Accounts receivable  | (15.7)         | (54.5)         | (62.4)         | (35.5)         | (28.7)         | (272.82)        |
| License fee receivable   | -              | -              | -              | -              | (500.0)        | 36.69           |
| Inventory  | 26.7           | (0.1)          | (67.2)         | (50.0)         | (66.3)         | 10.41           |
| Prepaid expense & other current assets                         | 107.5          | -              | -              | (0.3)          | 106.1          | 40.17           |
| Accounts payable and accrued liability                         | 135.0          | 91.8           | 107.9          | (48.6)         | (72.6)         | 212.26          |
| Deferred revenue   | 77.5           | (125.0)        | (237.5)        | (496.3)        | (72.8)         | (2.98)          |
| <b>Net cash provided by operating activities</b>               | <b>(377.3)</b> | <b>(193.3)</b> | <b>(477.3)</b> | <b>(834.5)</b> | <b>(860.8)</b> | <b>(238.97)</b> |
| <b>Cash Flow from Investing</b>                                |                |                |                |                |                |                 |
| Purchases of intangible assets                                 | (3.2)          | -              | (4.0)          | (4.0)          | (4.3)          | -               |
| Purchases of property and equipment                            | (32.9)         | (0.6)          | (5.5)          | (10.9)         | (12.1)         | (64.0)          |
| <b>Net cash used by investing activities</b>                   | <b>(36.0)</b>  | <b>(0.6)</b>   | <b>(9.4)</b>   | <b>(14.8)</b>  | <b>(16.4)</b>  | <b>(64.0)</b>   |
| <b>Cash Flow from Financing</b>                                |                |                |                |                |                |                 |
| Loan proceeds, net   | 555.6          | 28.1           | 25.0           | 265.9          | 42.5           | -               |
| Payment of capital leases                                      | (18.6)         | 12.9           | 12.4           | 12.2           | (2.3)          | (0.58)          |
| Payment from related parties                                   | (264.7)        | -              | -              | -              | (269.0)        | -               |
| Payment on convertible notes                                   | (86.0)         | -              | -              | -              | -              | -               |
| Proceeds from convertible notes                                | 125.0          | -              | -              | -              | 431.5          | -               |
| Proceeds from issuance of preferred stk                        | -              | -              | -              | -              | 750.0          | (110.00)        |
| Proceeds from issuance of common stk for cash                  | 41.3           | 15.0           | 59.6           | 558.7          | 347.4          | -               |
| Proceeds from common stk subscribed                            | -              | 215.8          | 468.9          | -              | 216.8          | (93.50)         |
| Proceeds from common stk options and warrants                  | 9.3            | 3.5            | 3.5            | 3.8            | 4.4            | -               |
| <b>Net cash provided (used) by financing activities</b>        | <b>361.8</b>   | <b>275.3</b>   | <b>569.4</b>   | <b>840.6</b>   | <b>1,521.3</b> | <b>(204.08)</b> |
| Net increase (decrease) in cash                                | (51.6)         | 81.4           | 82.7           | (8.8)          | 644.2          | (507.04)        |
| Cash and cash equivalents, beginning of year                   | 65.1           | 13.5           | 13.5           | 13.5           | 13.5           | 657.67          |
| Cash and cash equivalents, end of period                       | 13.6           | 94.9           | 96.2           | 4.8            | 657.7          | 150.63          |



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**For Additional Information Contact:**

Stonegate Securities, Inc.  
Dan D. Trang  
214-987-4121  
[DTrang@stonegateinc.com](mailto:DTrang@stonegateinc.com)

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