



MARKET STATISTICS

Price	\$0.62
52-Week Range	\$0.35- \$0.90
Daily Vol. (3 Month Avg.)	14,244
Market Cap (\$M)	\$16.1
Enterprise Value (\$M)	\$16.1
Shares Outstanding (M)	26.0
Float (M)	1.0
Insider Ownership	76.3%
Institutional Ownership	0.0%

FINANCIAL SUMMARY

Equity (M)	\$	1.4
BV/Sh	\$	0.05
Cash (M)	\$	0.7
Debt (M)	\$	0.0
Debt/Cap		8%

FYE: Dec	2013A	2014E	2015E
<i>(in \$000)</i>			
Rev	\$ 1,800	\$ 3,460	\$ 4,315
Chng%	568%	92%	25%
EBITDA	\$ (449)	\$ 142	\$ 572
EPS	\$ (0.03)	\$ (0.00)	\$ 0.01
EV/R	9.0x	4.7x	3.7x
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
214-987-4121

Initiation of Coverage: Getting sure with Oxysure

Oxysure Corporation, Inc has a unique and novel product, the Model 615 that delivers oxygen in emergency situations without the use of a pressurized gas tank. Model 615 has FDA 510k clearance and has quickly gained adoption amongst various school districts, military units, and institutional buyers. The future bodes well for the Company as more distributors push Model 615 in their respective channels and the Company makes progress in penetrating new vertical markets.

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 from a medical professional. 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. We believe that because the Model 615 is not reliant on an oxygen system, and has 510k clearance the Company has overcome 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. 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. We believe that OXYS has a significant advantage over tank based solutions in terms of safety and applicability.

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 7.9x on EV/Sales basis for 2014E whereas OXYS is trading at 4.7x.

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 December 2013, the Company has a \$14.7M 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 7.9x on EV/Sales basis for 2014E whereas OXYS is trading at 4.7x. Below is our comparative analysis.

Exhibit 1: Comparable Analysis

Name	Ticker	Price (1)	Sh	Mrkt Cap	EV	EV/S (2)		
						TIM	2014 E	2015 E
Align Technology Inc.	ALGN	\$ 51.05	81.48	\$ 4,159.6	\$ 3,797.3	5.8x	5.0x	4.5x
DexCom, Inc.	DXCM	\$ 34.16	72.81	\$ 2,487.2	\$ 2,439.4	15.2x	10.9x	8.2x
Masimo Corporation	MASI	\$ 26.50	56.71	\$ 1,502.7	\$ 1,407.5	nm	2.4x	2.2x
Novadaq Technologies Inc.	NDQ	\$ 19.00	54.90	\$ 1,043.1	\$ 852.3	24.3x	17.2x	10.4x
Inogen, Inc.	INGN	\$ 15.19	18.15	\$ 275.7	\$ 392.0	5.2x	4.3x	3.7x
Hansen Medical, Inc.	HNSN	\$ 2.21	110.76	\$ 244.8	\$ 247.9	14.6x	10.8x	8.2x
Oxygen Biotherapeutics, Inc.	OXBT	\$ 4.69	17.15	\$ 80.4	\$ 118.0	234.8x	nm	nm
Allied Healthcare Products Inc.	AHPI	\$ 2.18	8.03	\$ 17.5	\$ 15.2	nm	nm	nm
Average				\$ 1,226.4	\$ 1,158.7	50.0x	8.4x	6.2x
Median				\$ 659.4	\$ 622.2	14.9x	7.9x	6.3x
OxySure Systems, Inc.	OXYS	\$ 0.62	26.0	\$ 16.1	\$ 16.1	9.0x	4.7x	3.7x

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

COMPANY OVERVIEW

Company Background

Oxysure is an emergency response medical device company engaged in the development, manufacture and assembling of emergency or short duration delivery of oxygen. Oxysure was established in January 2004 by current Chairman, Chief Executive Officer, President, and Chief Financial Officer, Julian T. Ross for the purpose of developing products with the ability to generate medical grade oxygen without the necessity of compressed oxygen tanks. The Company developed the technology to generate clean oxygen from two dry, inert powders. The launch of the Company's first product, Model 615, is based on this technology. Model 615 is a lightweight, portable emergency oxygen system designed for lay person use. It has 9 patents and several additional patents pending that make the provision of emergency oxygen safer, accessible and easier to use than traditional oxygen delivery systems. The product allows for administration of medical oxygen by lay persons, without the need for training during the time interval between the onset of the medical emergency and the arrival of the first responders.

Oxysure Model 615 was designed for use in both public and private environments due to the low risk associated with tankless oxygen in contrast to the risks associated with oxygen tanks. The first customer of the product was K-12 school districts followed by commercial markets. These emergency oxygen devices are stored on the wall near or next to the automated external defibrillators, another emergency medical device. Model 615 is sold in companion with replacement cartridges, display wall boxes, resuscitation bags, and thermal bags.

The Company has recently expanded its product line to include the sales of automated external defibrillators due to the similarities in the situations in which one would use these emergency medical devices. For situations in which an individual would administer an AED (Automated External Defibrillator), an individual could also administer emergency oxygen.

Products

The Company sells its core product, the Model 615 and a variety of accessories and products related to the Model 615. The products relating to Model 615 include replacement masks and cartridges, wall boxes and thermal bags. The Company has recently expanded into the automated external defibrillator (AED) market which it sources from other companies. The AED is sold packaged with Model 615 to provide the customer with both emergency devices and the 615 as a complement to the defibrillator.

OxySure Model 615

The OxySure Portable Emergency Oxygen System, Model 615 is the Company's flagship product and available in the U.S. and other countries. It is cleared by the US Food & Drug Administration (FDA) for over the counter sale. The Model 615 allows a medical professional, a parent, a bystander or in some cases the victim themselves to administer lifesaving oxygen in event of a medical emergency, while waiting for first responders to arrive. Model 615 generates medically pure oxygen from two dry inert proprietary powders to create medical oxygen instantly when they come together at the turn of a knob. It does not require a prescription, and has a replaceable cartridge that emits oxygen and only requires replacing, not refilling. The cartridges do not store oxygen and are easily disposable unlike traditional tanks.

Exhibit 4: Oxysure Model 615 and its benefits



- No explosion, fire, environmental, or toxicity hazard.
- No training required.
- No hydrostatic testing or maintenance required.
- No licenses or permits required.
- No prescription required.
- FDA approved for over-the-counter sale.
- Can be shipped "rescue ready."
- Can be placed in any public access venue or private venue.

Source: Company website; Stonegate Securities

Applications: OxySure Model 615 value proposition is to enhance emergency preparedness in any public or private venue. Any lay person can utilize the 615 to bridge the gap between the onset of a medical emergency incident and the time first responders arrive on the scene. After the process, it can improve medical emergency outcomes significantly, and can complement the efforts of the first responders. Model 615 is typically used by a lay rescuer, but also frequently used by nurses, coaches/athletic directors, trainers, security personnel, fire marshals, and so forth. It can be used in any medical emergency, including, but not limited to, cardiac arrest (post-resuscitation), heart attack, stroke, asthma attack (in conjunction with a bronchodilator, as applicable), COPD exacerbation, heat exhaustion, hypoxia/altitude sickness, migraine attacks, poisoning/overdose, diabetic emergencies, smoke inhalation, breathing difficulties, allergy emergencies, seizures, chest pain, fainting, dehydration, near drowning, hyperthermia, injury with trauma, burn victims, and other medical, general or civil emergencies. Homeland security applications (including emergency preparedness, mass casualty situations, etc.), civil emergencies, mining applications, and aviation applications are also applicable.

Exhibit : Ease of Application



Step 1
Plug in Mask



Step 2
Turn the Knob



Step 3
Place the mask over the nose and mouth

Source: Company website; Stonegate Securities

Business Strategy

The Company's business strategy is to capture market share through adoption of Model 615. We outline the most important points below.

Grow revenue by pursuing institutional customers - The Company plans to enlarge its footprint by pursuing institutional customers in its core markets to increase its sales for Model 615. Its core markets include the K-12 education market, colleges and universities, places of worship, manufacturing facilities, military institutions, and other commercial and municipal buildings. In addition, the Company is committed to growing its customer base by penetrating new vertical markets such as aviation, sports & recreation markets, and mining markets.

Establishing additional distributorships to grow its topline - The Company plans to enlarge its footprint by establishing additional partnerships with various distributors to increase its sales, marketing and delivery for Model 615. Currently it has over 40 distribution agreements in the US and several agreements abroad selling Model 615. The Company hopes these efforts will enhance the commercialization of Model 615 and related products and accessories.

Market Model 615 as a companion to automated external defibrillators – The Company plans to grow revenue by marketing Model 615 as a complement to AEDs, and looks to place Model 615 side by side to as many AEDs as possible in the US and abroad. In addition, the Company will develop complimentary products, accessories, and solutions to further enhance the functionality of the current Model 615.

Promote market awareness of Model 615 – The Company looks to increase awareness and education of Model 615. These efforts may include partnerships with industry leaders, medical thought leaders, and community and advocacy organizations. OXYS will raise the attention for the need for early administration of oxygen for stabilization, safety, survival, and recovery.

Sales and Marketing Strategy

The Company's sales strategy is primarily an indirect sales strategy for pushing sales of the Company's products. The Company has over 40 independent third party distributors in the United States. OXYS also has distributors in international markets such as Australia, New Zealand, United Kingdom, Brazil, South Africa and Turkey. It plans to add more than 100 distributors in the next 3 to 5 years. These distributors are typically businesses focused on selling AED's, medical products or safety products.

The Company targeted the education market as its early adopters and has already achieved modest success in that particular market with the Model 615 sold into K-12 schools and school districts in more than 40 states. The Company plans to build on this early success in the education market. In addition, it has made inroads in selling the Model 615 into colleges, places of worship, manufacturing facilities, and other commercial placement markets. It will continue its effort to grow sales in those markets for the foreseeable future.

The Company's current marketing efforts are modest and limited to advertising in safety related media, participation in shows and exhibitions, and press releases. It plans to expand on these activities to create market demand and sales through increased market awareness and education.

Manufacturing Strategy

The Company manufactures a majority of Model 615 at its headquarters located in Frisco, Texas. Here, the final products are assembled to be distributed to the consumers. The raw materials are sourced from a manufacturer located in Wisconsin and mainly consist of the molds of the product. Currently, the product is assembled with 70 to 75 different molds. The solution that provides the person in need with clean oxygen is manufactured at the headquarters. The solution is then inserted into the molds along with the remaining parts.

The manufacturing process for an average order of 500 to 1000 units takes two days to one week from the time that the first part is molded to the final assembly with one active shift. The current strategy has the ability to fulfill orders of up to 150,000 units per year assuming workers are performing at three shifts. Currently, Oxysure is utilizing one shift for its manufacturing. Oxysure fulfills these orders in direct relation to the current demand. Model 615 or any accessory is manufactured after the customer has completed the purchase of the product.

Financial Model Review

Revenue

Revenues consist primarily of the sale of its Oxy Model 615, related accessories, and complimentary products through distribution partners and dealers. Model 615 is sold for \$350 separately, but with the signage and surface mounted wall box it totals \$500. Accessory prices vary from \$25 to a few hundred dollars. The Company divides its product revenue into two geographic segments, the United States and the Rest of the World. It had revenues of \$185.2K in FY11 that grew to \$269.7K in FY12, an increase of 45% from FY12. Product revenues are driven by two variables, volume and price.

During the first 9 months of 2013 fiscal year, approximately 60% of Oxysure's sales were made to customers in the United States, 40% to the Rest of the World.

Cost of sales

Cost of sales account for costs incurred to manufacture products. It includes related overhead and certain costs associated with manufacturing, quality control and quality assurance, inventory management, and sub-contractors, and costs for service. What is noteworthy is that margins have been choppy, as the Company's product mix has varied quarter to quarter. Consequently, margins for Q3FY13 were 79.6% versus 50.6% in Q3FY12. The Company expects margins to normalize once it has consistent sales growth and product sales mix is more predictable. It could possibly exceed historic levels if it can realize manufacturing efficiencies. Products such as the Model 615 carry higher margins due to the Company manufacturing the product itself. Other products such as AEDs, the Company acts as a distributor thus carry lower margins.

Operating expenses

Operating expenses consist of selling expenses, G&A expenses, and R&D expenses. The Company is currently reviewing its sales and marketing strategy and looks to optimize it in conjunction with growing sales. General and administration expenses are mainly semi-fixed to fixed expense consisting primarily of officer compensation expenses and legal, audit and accounting fees.

Model assumptions

As stated previously, the Company has revenue from the United States and Rest of the World. We are projecting the growth in sales of its Model 615 to reach \$3.5M for FY14 and \$4.3M for FY15. The increase for FY14 & FY15 is due to the Company's adoption in the military and orders ramping up to meet demands from distributors.

We project higher R&D expenses for FY14 of \$0.9M resulting from the Company placing a large part of resources to its product and accessory pipeline development. We estimate S&M expenses to grow y-o-y in FY14 in conjunction with the Company increasing its topline sales. We expect G&A to increase alongside topline growth. Once larger orders come in, the Company will undoubtedly have to hire more personnel for support, leading to an increase in total operating costs for 2014. We forecast total operating expenses for 2014 at \$2.4M and for 2015 at \$2.5M as the Company expects to increase its costs associated with creating new accessories for Model 615. Consequently, we forecast a net loss for FY14 at \$0.06M and a net gain for FY2015 at \$0.4M, respectively. The above assumptions result in a diluted loss per share of \$(0.00) for FY2014 and \$0.01 for FY15.

INDUSTRY OVERVIEW

Industry Background

Emergency Response Medical Device Industry

The medical device market covers a broad market that includes a device as simple as a tongue depressor to a device as complex as surgical devices. The United States has the world's largest medical device market. In 2013, the US had revenues of \$127.1 billion, according to a 2014 report on the Medical Device Market by Espicom. The Emergency Response Medical Device industry is a significant part of the medical device industry that has shown strong growth.

The Emergency Response Medical Device industry is a subset of the larger medical device industry. Emergency medical devices are used to prevent or treat emergency, resuscitation and trauma situations. These devices include automated external defibrillators and emergency oxygen devices. Personnel can operate an emergency response medical device during the time that it takes for the emergency medical services to arrive at the scene. This time period, estimated from 6 to 15 minutes, is crucial to the survival, recovery and stabilization of the individual suffering from cardiac arrest. For every minute that passes without CPR and defibrillation, the chances of survival decrease by 7-10%. According to Transparency Market Research, the global defibrillator market alone will grow to \$14.2 billion in 2019, up from \$9.3 billion in 2012.

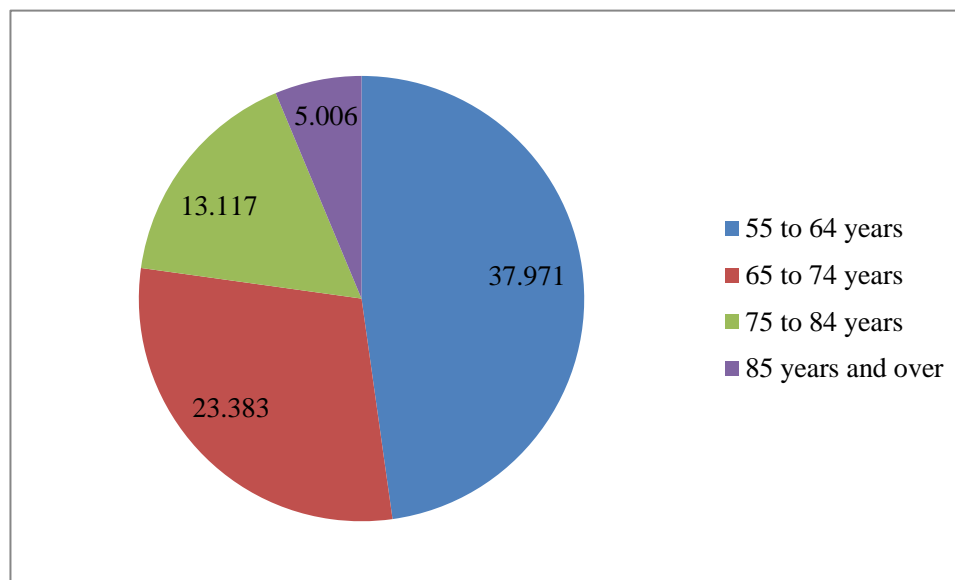
Automated External Defibrillator Market

The AED market is an important part of the Emergency Response Medical Device industry. Emergency oxygen is sold in conjunction with automated external defibrillators. An AED is a portable device used to deliver an electric shock to the heart when someone is suffering from cardiac arrest. Cardiac arrest arises from an irregular heart rhythm where the only possible way to correct this rhythm is through defibrillation and cardiopulmonary resuscitation according to the American Heart Association. The device is conveniently placed in public buildings including schools, offices, nursing homes and hospital clinics.

There are two categories of Automated External Defibrillators: (i) AEDs designed for use by professionals, such as paramedics and other first responders; and (ii) AEDs designed for lay rescuer use. AEDs designed for lay rescuer markets comprise the lion share of the AED installed base, in the US and worldwide. These AEDs are generally either semi-automated or automated, and voice prompts generally guide the user through the use of the AED. The AED market earned revenues of \$547.4 million in 2010 and is estimated to reach revenues of \$803.9 million in 2016, according to an August 2011 industry report by Frost & Sullivan entitled *Standard of Care across North America Drives Device Usage in the External Defibrillator Market*. The market foresees a 46.9% jump in revenues over the 6 year time period. The Company estimates the installed base of AEDs in the US approximates 2.5 million units, and the installed base of AEDs worldwide approximates 3.5 million units, growing at approximately 10% per annum.

Emergency Oxygen Market

Similar to the automated external defibrillator, emergency oxygen can be used in the time period between the moment of injury and the arrival of first responders for individuals suffering from cardiac, respiratory or other medical distress. A large segment of at-risk individuals for cardiac distress and lack of oxygen is the elderly population. In 2013, the U.S. Consensus Bureau reported that the number of civilian non-institutionalized population over the age of 55 is 79.5 million. With the total population being 308.8 million individuals, the individuals of age 55 or older represent 25.7% of the United States' population.

Exhibit 8: U.S. Population over 55 years (in millions)

Source: US Consensus Bureau

The Company estimates that the worldwide at-risk population is in excess of 500M people. These include people with cardiovascular disease, chronic obstructive pulmonary disease (COPD), asthma, and general medical emergencies.

Emergency oxygen is also helpful in situations requiring immediate protection and escape from exposure situations or oxygen-deficient situations in the education, industrial, mining, and military sectors. The oxygen supply to an individual suffering from a lack of oxygen can help improve hypoxia (the insufficiency of oxygen reaching the cells), relieve pain and breathing discomfort.

Emergency oxygen units are available without a prescription and are designed to give at least a 15 minute supply of oxygen. The flow of oxygen can be adjusted based on the amount of oxygen required by the individual in need.

Competition

In the US, the Company has one competitor, Life Corporation based in Milwaukee, Wisconsin, that sells emergency oxygen in a compressed tank form, and that is cleared by the FDA for over the counter sale. With the exception of Life Corporation, most other compressed tank devices sold by the industry require a prescription and are used under medical direction. These devices are not suitable for emergency use, and moreover, they are not suitable for mass lay rescuer use. Similarly, portable oxygen *concentrators*, such as for example those sold by Inogen (Nasdaq: INGN) require a prescription, are used under medical direction, are not suitable for emergency use (low flow rates, low concentration), and are not suitable for mass lay rescuer use.

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)		
							2013	2014 E	2015 E
Align Technology Inc.	ALGN	\$ 51.05	81.5	\$ 4,159.6	\$ 3,797.3	Dec	\$ 653.1	\$ 755.4	\$ 847.4
DexCom, Inc.	DXCM	\$ 34.16	72.8	\$ 2,487.2	\$ 2,439.4	Dec	\$ 160.0	\$ 222.9	\$ 297.9
Masimo Corporation	MASI	\$ 26.50	56.7	\$ 1,502.7	\$ 1,407.5	Dec	\$ 540.9	\$ 578.8	\$ 626.3
Novadaq Technologies Inc.	NDQ	\$ 19.00	54.9	\$ 1,043.1	\$ 852.3	Dec	\$ 35.0	\$ 49.7	\$ 81.8
Inogen, Inc.	INGN	\$ 15.19	18.1	\$ 275.7	\$ 392.0	Dec	\$ 75.4	\$ 91.7	\$ 106.3
Hansen Medical, Inc.	HNSN	\$ 2.21	110.8	\$ 244.8	\$ 247.9	Dec	\$ 17.0	\$ 23.0	\$ 30.3
Oxygen Biotherapeutics, Inc.	OXBT	\$ 4.69	17.2	\$ 80.4	\$ 118.0	Dec	\$ 0.5	\$ -	\$ -
Pulse Health Limited	PHG	\$ 0.63	113.8	\$ 71.7	\$ 99.3	Dec	\$ 50.4	\$ -	\$ -
Allied Healthcare Products Inc.	AHPI	\$ 2.18	8.0	\$ 17.5	\$ 15.2	Dec	\$ 36.8	\$ -	\$ -
OxySure Systems, Inc.	OXYS	\$0.62	26.0	\$ 16.1	\$ 16.1	Dec	\$ 1.8	\$ 3.5	\$ 4.3

Name	Ticker	Price (1)	Sh	Mrkt Cap	EV	EV/S (2)		
						TTM	2014 E	2015 E
Align Technology Inc.	ALGN	\$ 51.05	81.48	\$ 4,159.6	\$ 3,797.3	5.8x	5.0x	4.5x
DexCom, Inc.	DXCM	\$ 34.16	72.81	\$ 2,487.2	\$ 2,439.4	15.2x	10.9x	8.2x
Masimo Corporation	MASI	\$ 26.50	56.71	\$ 1,502.7	\$ 1,407.5	nm	2.4x	2.2x
Novadaq Technologies Inc.	NDQ	\$ 19.00	54.90	\$ 1,043.1	\$ 852.3	24.3x	17.2x	10.4x
Inogen, Inc.	INGN	\$ 15.19	18.15	\$ 275.7	\$ 392.0	5.2x	4.3x	3.7x
Hansen Medical, Inc.	HNSN	\$ 2.21	110.76	\$ 244.8	\$ 247.9	14.6x	10.8x	8.2x
Oxygen Biotherapeutics, Inc.	OXBT	\$ 4.69	17.15	\$ 80.4	\$ 118.0	234.8x	nm	nm
Allied Healthcare Products Inc.	AHPI	\$ 2.18	8.03	\$ 17.5	\$ 15.2	nm	nm	nm
Average				\$ 1,226.4	\$ 1,158.7	50.0x	8.4x	6.2x
Median				\$ 659.4	\$ 622.2	14.9x	7.9x	6.3x
OxySure Systems, Inc.	OXYS	\$ 0.62	26.0	\$ 16.1	\$ 16.1	9.0x	4.7x	3.7x

BALANCE SHEETS

OXYSure (OTCBB: OXYS)					
Consolidated Balance Sheets (in thousands \$)					
Fiscal Year: December					
	FY 2012	Q1 Mar-13	Q2 Jun-13	Q3 Sep-13	Q4 Dec-13
ASSETS					
Current Assets					
Cash & cash equivalents	\$13.5	\$94.9	\$96.2	\$4.8	\$657.7
License fee receivable					500.0
Accounts receivables, net	18.5	73.0	80.9	54.0	47.2
Inventories	221.3	221.5	288.5	271.4	287.7
Prepaid expenses and other current assets	36.9	-	-	0.3	107.3
Total Current Assets	290.2	389.4	465.6	330.4	1,599.8
Property and equipment, net	46.5	23.3	23.5	24.3	70.2
Intangible assets, net	418.5	411.0	407.5	400.0	392.7
Other assets	124.2	493.1	469.9	446.7	289.5
Total Assets	\$ 879.4	\$ 1,316.9	\$ 1,366.5	\$ 1,201.3	\$ 2,352.4
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued expenses	302.4	687.5	724.2	469.5	147.7
Related party payable	207.5	-	-	108.5	118.6
Capital leases - current	308.7	309.0	308.5	308.2	309.1
Notes payable - current	398.6	448.5	462.3	40.9	44.0
Convertible notes payable	-	-	-	503.3	229.9
Deferred revenue	499.2	374.2	261.7	3.0	3.0
Total Current Liabilities	1,716.4	1,819.2	1,756.7	1,433.4	852.4
Long-Term Liabilities					
Capital Leases	3.2	2.3	2.3	2.3	0.6
Notes Payable	76.1	76.1	76.1	76.1	76.1
Total Long-Term Liabilities	79.3	78.4	78.4	78.4	76.6
Stockholders' Equity					
Preferred stock	0.4	0.4	0.4	0.4	0.4
Common stock	9.0	9.2	9.5	9.7	10.3
Additional paid-in capital	13,649.4	13,838.0	14,142.5	14,383.1	16,700.3
Accumulated deficit	(14,575.2)	(14,428.5)	(14,621.1)	(14,703.7)	(15,287.6)
Total Stockholders' Equity (deficit)	(916.3)	(580.6)	(468.5)	(310.4)	1,423.4
Total Liabilities and Stockholders' Equity	\$ 879.4	\$ 1,316.9	\$ 1,366.5	\$ 1,201.3	\$ 2,352.4
Ratios					
Liquidity					
Current Ratio	0.2x	0.2x	0.3x	0.2x	1.9x
Quick Ratio	0.0x	0.1x	0.1x	0.0x	1.5x
Working Capital	(\$1,426.2)	(\$1,429.7)	(\$1,291.0)	(\$1,103.0)	\$747.5
Leverage					
Debt To Equity	-51.8%	-90.3%	-114.9%	-37.7%	8.4%
Debt To Capital	-107.5%	-935.4%	771.1%	-60.5%	7.8%
Capital Usage - Annualized					
A/R Turns	25.4x	21.0x	24.7x	32.4x	42.5x
Inv Turns	0.6x	1.0x	2.4x	1.6x	2.5x
A/P Turns	0.5x	0.4x	0.9x	0.7x	2.2x

INCOME STATEMENTS

OXYSure (OTCBB: OXYS) 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 E 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
Revenues	\$ 269.7	\$ 240.4	\$ 476.1	\$ 545.8	\$ 538.0	\$ 1,800.3	\$ 725.0	\$ 785.0	\$ 900.0	\$ 1,080.0	\$ 3,460.0	\$ 902.5	\$ 982.0	\$ 1,122.5	\$ 1,307.5	\$ 4,314.5
Total revenue	\$ 269.7	\$ 240.4	\$ 476.1	\$ 545.8	\$ 538.0	\$ 1,800.3	\$ 725.0	\$ 785.0	\$ 900.0	\$ 1,080.0	\$ 3,460.0	\$ 902.5	\$ 982.0	\$ 1,122.5	\$ 1,307.5	\$ 4,314.5
Cost of revenues																
Cost of sales	143.8	53.2	152.5	111.1	173.6	490.3	275.5	196.3	234.0	315.0	1,020.8	266.2	279.9	319.9	366.1	1,232.1
Total cost of revenues	143.8	53.2	152.5	111.1	173.6	490.3	275.5	196.3	234.0	315.0	1,020.8	266.2	279.9	319.9	366.1	1,232.1
Gross (loss) profit	125.9	187.2	323.6	434.7	364.5	1,310.0	449.5	588.7	666.0	735.0	2,439.2	636.3	702.1	802.6	941.4	3,082.4
Operating expenses																
R&D	25.8	36.7	183.4	134.4	1.5	356.0	200.0	210.0	215.0	220.0	845.0	220.0	225.0	225.0	225.0	895.0
G&A	1,107.1	236.3	194.8	266.3	391.7	1,089.1	275.0	275.0	275.0	275.0	1,100.0	280.0	285.0	290.0	300.0	1,155.0
S&M	131.9	58.3	133.7	77.8	83.2	353.2	75.0	100.0	125.0	125.0	425.0	115.0	115.0	115.0	115.0	460.0
Total operating expenses	1,264.8	331.4	512.0	478.5	476.5	1,798.3	550.0	585.0	615.0	620.0	2,370.0	615.0	625.0	630.0	640.0	2,510.0
Income (loss) from operations	(1,138.9)	(144.1)	(188.4)	(43.8)	(112.0)	(488.3)	(100.5)	3.7	51.0	115.0	69.2	21.3	77.1	172.6	301.4	572.4
Other (income) / expense:																
Interest expense, net	217.0	25.2	23.3	47.2	154.3	250.0	44.3	44.3	44.3	44.3	177.2	44.3	44.3	42.0	42.0	172.6
Other income, net	(224.6)	-	(19.0)	(8.4)	1.6	(25.8)	(12.0)	(10.0)	(12.0)	(10.0)	(44.0)	(12.0)	(10.0)	(12.0)	(10.0)	(44.0)
Total other (income) / expense:	(7.6)	25.2	4.2	38.8	155.9	224.2	32.3	34.3	32.3	34.3	133.2	32.3	34.3	30.0	32.0	128.6
Pre-tax income (loss)	(1,146.5)	(169.3)	(192.6)	(82.6)	(267.9)	(712.5)	(132.8)	(30.6)	18.7	80.7	(64.0)	(11.0)	42.8	142.6	269.4	443.8
Net income (loss)	(1,146.5)	(169.3)	(192.6)	(82.6)	(267.9)	(712.5)	(132.8)	(30.6)	18.7	80.7	(64.0)	(11.0)	42.8	142.6	269.4	443.8
Net income (loss) to common	(1,146.5)	(169.3)	(192.6)	(82.6)	(267.9)	(712.5)	(132.8)	(30.6)	18.7	80.7	(64.0)	(11.0)	42.8	142.6	269.4	443.8
Basic EPS (loss) (1)	\$ (0.06)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Basic shares outstanding	19,573.5	22,665.5	23,167.4	24,076.8	23,754.4	23,416.0	24,942.1	27,199.4	28,539.4	29,987.4	27,667.1	31,486.7	33,061.1	34,714.1	36,449.8	33,927.9
EBITDA	(972.8)	(139.2)	(183.7)	(39.2)	(86.5)	(448.7)	(74.8)	23.5	64.0	129.5	142.2	21.3	77.1	172.6	301.4	572.4
Margin Analysis																
Gross margin	46.7%	77.9%	68.0%	79.6%	67.7%	72.8%	62.0%	75.0%	74.0%	70.0%	70.5%	70.5%	71.5%	71.5%	72.0%	71.4%
R&D	9.6%	15.3%	38.5%	24.6%	0.3%	19.8%	27.6%	26.8%	23.9%	21.0%	24.4%	24.4%	22.9%	20.0%	17.2%	20.7%
G&A	410.5%	98.3%	40.9%	48.8%	72.8%	60.5%	37.9%	35.0%	30.6%	26.2%	31.8%	31.0%	29.0%	25.8%	22.9%	26.8%
S&M	48.9%	24.3%	28.1%	14.3%	15.5%	19.6%	10.3%	12.7%	13.9%	11.9%	12.3%	12.7%	11.7%	10.2%	8.8%	10.9%
Operating margin	-422.3%	-59.9%	-39.6%	-8.0%	-20.8%	-27.1%	-13.9%	0.5%	5.7%	11.0%	2.0%	2.4%	7.9%	15.4%	23.1%	13.3%
Pre-tax margin	-425.1%	-70.4%	-40.5%	-15.1%	-49.8%	-39.6%	-18.3%	-3.9%	2.1%	7.7%	-1.8%	-1.2%	4.4%	12.7%	20.6%	10.3%
Net income margin	-425.1%	-70.4%	-40.5%	-15.1%	-49.8%	-39.6%	-18.3%	-3.9%	2.1%	7.7%	-1.8%	-1.2%	4.4%	12.7%	20.6%	10.3%
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%	-57.9%	-38.6%	-7.2%	-16.1%	-24.9%	-10.3%	3.0%	7.1%	12.3%	4.1%	2.4%	7.9%	15.4%	23.1%	13.3%
Growth Rate Analysis Y/Y																
Total revenue	45.6%	762.2%	657.0%	434.2%	601.0%	567.5%	201.6%	64.9%	64.9%	95.2%	92.2%	24.5%	25.1%	24.7%	24.5%	24.7%
Total cost of revenues	39.0%	318.6%	506.1%	120.1%	na	241.1%	418.0%	28.7%	110.6%	na	108.2%	-3.4%	42.6%	36.7%	na	20.7%
R&D	na	61085.0%	15512.5%	23105.0%	-93.8%	1279.0%	444.8%	14.5%	60.0%	14566.7%	137.3%	10.0%	7.1%	4.7%	2.3%	5.9%
G&A	-3.8%	-15.9%	-18.0%	33.8%	0.5%	-1.6%	16.4%	41.2%	3.3%	-29.8%	1.0%	1.8%	3.6%	5.5%	9.1%	5.0%
S&M	na	2301.1%	637.5%	976.0%	-20.1%	167.7%	28.5%	-25.2%	60.6%	50.2%	20.3%	53.3%	15.0%	-8.0%	-8.0%	8.2%
Operating income	-6.5%	46.3%	14.0%	71.8%	77.4%	57.1%	30.3%	102.0%	216.4%	202.7%	114.2%	121.2%	1983.8%	238.4%	162.1%	727.2%
EBITDA	8.7%	-38.6%	2.8%	-65.7%	-80.9%	-53.9%	-46.3%	-112.8%	-263.2%	-249.7%	-131.7%	-128.5%	228.1%	169.7%	132.7%	302.5%
Pre-tax income	25.2%	48.0%	11.8%	38.8%	40.8%	37.9%	21.6%	84.1%	122.6%	130.1%	91.0%	91.7%	239.9%	662.6%	233.8%	793.4%
Net income	25.2%	48.0%	11.8%	38.8%	40.8%	37.9%	21.6%	84.1%	122.6%	130.1%	91.0%	91.7%	239.9%	662.6%	233.8%	793.4%
EPS	39.1%	59.0%	24.6%	47.2%	50.4%	48.1%	28.7%	86.5%	119.1%	123.9%	92.4%	93.4%	215.1%	526.9%	174.6%	665.5%
Share count - fully diluted	22.9%	27.0%	17.0%	16.0%	19.5%	19.6%	10.0%	17.4%	18.5%	26.2%	18.2%	26.2%	21.6%	21.6%	21.6%	22.6%

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
Cash Flow from Operations		Mar-13	Jun-13	Sep-13	
Net income (loss)	(1,144.8)	(169.3)	(362.0)	(444.6)	(712.5)
Adjustments to reconcile net income to net cash :					
Depreciation	166.1	4.9	9.6	14.1	53.2
Amortization of intangible assets	202.0	30.7	15.0	22.5	207.2
Common stk options issued for compensation	21.4	(12.1)	(12.1)	12.5	37.3
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
Changes in operating assets & liabilities, net of acquisitions	-				
Accounts receivable	(15.7)	(54.5)	(62.4)	(35.5)	(28.7)
License fee receivable	-				(500.0)
Inventory	26.7	(0.1)	(67.2)	(50.0)	(66.3)
Prepaid expense & other current assets	107.5	-	-	(0.3)	106.1
Accounts payable and accrued liability	135.0	91.8	107.9	(48.6)	(72.6)
Deferred revenue	77.5	(125.0)	(237.5)	(496.3)	(72.8)
Net cash provided by operating activities	(377.3)	(193.3)	(477.3)	(834.5)	(860.8)
Cash Flow from Investing					
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)
Net cash used by investing activities	(36.0)	(0.6)	(9.4)	(14.8)	(16.4)
Cash Flow from Financing					
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)
Payment from related parties	(264.7)	-	-	-	(269.0)
Proceeds from convertible notes	125.0	-	-	-	431.5
Proceeds from issuance of preferred stk	-	-	-	-	750.0
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
Proceeds from common stk options and warrants	9.3	3.5	3.5	3.8	4.4
Net cash provided (used) by financing activities	361.8	275.3	569.4	840.6	1,521.3
Net increase (decrease) in cash	(51.6)	81.4	82.7	(8.8)	644.2
Cash and cash equivalents, beginning of year	65.1	13.5	13.5	13.5	13.5
Cash and cash equivalents, end of period	13.6	94.9	96.2	4.8	657.7

Source: Company Reports, Stonegate Securities

This page left intentionally blank

IMPORTANT DISCLOSURES AND DISCLAIMER

- a) Stonegate Securities, Inc. (“Stonegate”) expects to receive or intends to seek compensation for investment banking or other business relationships with the covered companies mentioned in this report in the next three months.
- b) The Research Analyst principally responsible for the preparation of this report has received compensation that is based upon, among other things, Stonegate’s investment banking revenues.
- c) Within the last twelve months, Stonegate has not received compensation for investment banking services from the Company but has a non-exclusive research and institutional investor awareness agreement in place since 1/29/2014; Stonegate is currently engaged to provide research and institutional investor awareness for the Company. As compensation, Stonegate receives compensation of \$5,000 per month for the next 6 months, and thereafter at the Company’s discretion.
- d) Within the last twelve months, Stonegate has not managed or co-managed a public offering for the Company.
- e) Stonegate and/or its employees, officers, directors and owners do not own options, rights or warrants to purchase this security.
- f) Stonegate does not make a market in this security.
- g) No employee of Stonegate serves on the Company’s Board of Directors.
- h) A Research Analyst and/or a member of the Analyst’s household do not own shares of this security.
- i) A Research Analyst and/or a member of the Analyst’s household do not serve as an officer, director, or advisory board member of the Company.
- j) This security is eligible for sale in one or more states.
- k) This security is subject to the Securities and Exchange Commission’s Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.
- l) Stonegate or its affiliates do not beneficially own 1% or more of an equity security of the Company.
- m) Stonegate does not have other actual, material conflicts of interest in the securities of the Company.

Meaning of Ratings - Stonegate does not rate the securities covered in its information memorandums.

Distribution of Ratings - Stonegate does not rate the securities covered in its information memorandums.

Price Chart - Stonegate does not have, nor has previously had, a rating for any securities of the Company.

Price Targets - Stonegate does not have a price target for any securities of the Company.

Regulation Analyst Certification:

I, Dan D. Trang, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

For Additional Information Contact:

Stonegate Securities, Inc.
Dan D. Trang
214-987-4121
DTrang@stonegateinc.com

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Securities and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Securities is prohibited. Additional information on any securities mentioned is available on request.