



## Small Cap. Research Report Initiation of Coverage – Buy Recommendation

December 12th, 2012

### OxySure Systems, Inc. (OTC: OXYS)

#### Corporate Information

OxySure Systems, Inc.  
10880 John W. Elliot Drive  
Suite # 600  
Frisco, Tx. 75033  
(972)-294-6450  
<http://www.OxySure.com>

#### Market Information

<b>Ticker Symbol:</b>	OXYS
<b>Exchange:</b>	OTC BB
<b>Recent Price:</b>	\$1.07
<b>Shares Outstanding:</b>	20,964,191
<b>Estimated Float:</b>	3,240,000
<b>Average Daily Volume</b>	22,083
<b>Market Capitalization:</b>	\$20.75 Million

#### Opinion & Recommendation:

Sterling Investment Services is initiating coverage on the shares of OxySure Systems, Inc., 'OXYS' which is a medical technology company that focuses on the design, manufacture and distribution of specialty medical and respiratory systems. We are considering the shares of OxySure Systems, Inc. to be suitable at the current price levels to the addition of portfolios as a speculative component; and as a result we are placing a speculative buy recommendation on the shares of OxySure Systems at the current price levels.

#### Company Description:

OxySure Systems 'OXYS' has developed a unique technology that generates medically pure (USP) oxygen from two dry, inert powders. Other available chemical oxygen generating technologies contain hazards that are believed to make them commercially unviable for broad-based emergency use by lay rescuers or the general public. OxySure commenced the commercialization of its initial product in 2008. This is a lightweight, portable emergency oxygen system designed for lay person use, known as the OxySure Model 615. The company believes that the Model 615 is currently the only product on the market that can be safely pre-positioned in public and private venues for emergency administration of medical oxygen by lay persons, without the need for training. OxySure has been issued nine (9) patents for its technology and has four (4) registered trademarks in the United States.



**Products and Services:**

The company's primary product is the Model 615, Portable Emergency Oxygen System. The Model 615 produces medically pure oxygen for use in any medical emergency prior to first responders arriving on the scene. The Model 615 has been approved by the Food and Drug Administration (FDA) for over-the-counter sales, without the need for a prescription. The device utilizes two (2) inert powders that when combined produce medically pure oxygen. This eliminates the need for oxygen tanks and regulators which can be heavy and bulky making them difficult to transport where needed, and can cause the operators of such systems to need special training in order to get tank based systems to operate properly.

OxySure Systems recently introduced a portable pulse oximeter. A pulse oximeter is a device that measures a patient's pulse and the level of oxygen in a patient's blood. In addition to its obvious uses in the medical profession, a pulse oximeter has additional uses outside the medical community including athletes and pilots of unpressurized aircraft as well as anyone else who would need to measure their blood oxygen levels. The company introduced a basic model and a premium model that integrates with a computer to log readings and data.

**OxySure Model 615  
Portable Emergency Oxygen System**



**OxySure Pulse Oximeter  
Premium**



**Oxygen Market Overview:**

While Sterling Investment Services considers the market for emergency placement of oxygen delivery to be in its infancy, we view it as very similar to the Automated External Defibrillators (AED) market.



Automated External Defibrillators (AED) are portable electronic devices that automatically diagnose potentially life threatening cardiac arrhythmias and treat them through defibrillation. They have been on the market since 2001, and it is estimated there are approximately 2 million automated external defibrillators currently positioned or installed within the United States alone. It is our belief that the market for oxygen delivery systems, such as the Model 615, includes not only the market for automated external defibrillators, but also includes additional locations currently not required to have automated external defibrillators. We reason there are circumstances where a person may require oxygen, such as in the case of smoke inhalation, where a person may require oxygen, but has not encountered cardiac arrest where they would be in need of an automated external defibrillator.

The basic idea behind these oxygen delivery systems and automated external defibrillators is to bridge the gap between the onset of the emergency situation and the arrival of 1<sup>st</sup> responders. Within the United States this gap is recognized to be anywhere from six (6) to fifteen (15) minutes. During this period of time critical and possibly irreversible damage can occur to an individual due to a loss of blood flow or low oxygen levels in the bloodstream. Restoring blood flow and maintaining proper oxygen levels is crucial to helping reduce the risk and occurrence of damage to a patient. As a result automated external defibrillators and oxygen delivery systems tend to be placed in areas with a relatively high concentration of people: schools, churches, and office buildings as well as higher risk areas like commercial and manufacturing facilities, and athletic venues.

We believe the potential market for oxygen delivery systems is very substantial, and contains ample room for significant growth and expansion by OxySure Systems, Inc. 'OXYS'.

#### **Recent Developments:**

On November 14<sup>th</sup>, 2012 OxySure filed its 3<sup>rd</sup> quarter report with the Securities Exchange Commission (SEC). In addition to improved financial performance, the company disclosed that it has expanded its distribution channel by adding several new distributors, including AED Professionals.<sup>1,2</sup>

On November 8<sup>th</sup>, 2012, OxySure announced it had appointed territory representatives for Illinois, Texas, Puerto Rico, the Dominican Republic, and Panama.<sup>3</sup>

#### **Management:**

The senior management of the company is comprised of the following individuals:

**Julian T. Ross: Chairman, CEO, President & Chief Financial Officer (CFO).** Mr. Ross founded the company in 2004, and has served as its Chairman, CEO, President and CFO since its



inception. Mr. Ross has over 24 years of experience in technology, corporate finance, and manufacturing. Mr. Ross received an MBA in Finance from Southern Methodist University.

**Donald Reed: Director.** Mr. Reed has been a Director of the company since June of 2006. He is the President of Agave Resources, LLC., which is a private company that consults with and invests in early and mid-stage development companies. Prior to joining Agave Resources, Mr. Reed was the CEO and Chairman of Geotrace Technologies, an international reservoir services company specializing in high technology seismic data processing for oil and gas companies. Mr. Reed has over 40 years of experience in business development, operations, mergers & acquisitions, as well as general management.

**Vicki Jones: Director.** Ms. Jones has been a Director since November of 2008. Ms. Jones has been the Senior Vice-President for AT&T since June of 2005. Ms. Jones is experienced in product management and development, process re-design, strategy and business development, and international business.

#### **Advisory Board:**

The company has an advisory board consisting of the following individuals.

**Dr. Vincent Mosesso, Jr., M.D., FASEP.** Dr. Mosesso is Medical Director for Pre-hospital Care at the University of Pittsburgh Medical Center (UPMC). He also serves as Associate Professor of Emergency Medicine at the University of Pittsburgh School of Medicine, and Medical Director of the Sudden Cardiac Arrest Association. Dr. Mosesso founded and is the Medical Director of the National Center for Early Defibrillation. Dr. Mosesso is a Fellow of the American College of Emergency Physicians and is a member the Society for Academic Emergency Medicine, the American Heart Association and the National Association of Emergency Medical Services Physicians. In 1998, he was named "Physician of the Year" by the Pennsylvania Emergency Health Services Council and he has authored or co-authored more than 40 peer-reviewed scientific manuscripts and textbook chapters related to emergency medicine.

**Dr. James R. Winn, M.D.** Dr. Winn has over 36 years' experience in the healthcare industry. Dr. Winn is the former Chief Executive Officer of the Federation of State Medical Boards (FSMB) of the United States. FSMB is the national body that represents the 70 medical boards of the United States and its territories. During his tenure at FSMB, Dr. Winn developed and implemented policy and advanced the FSMB's mission to continuously improve the quality, safety, and integrity of health care through developing and promoting high standards for physician licensure and practice.

**Thomas D. Franklin, Jr., Ph.D.** Dr. Franklin serves as Sr. Scientific Advisor to North Texas Enterprise Center for Medical Technology in Frisco, Texas, and is the former President of the Texas Health Research Institute. He has over 35 years' experience in medical research and education.



**Dr. Jonathan E. Burke, D.M.D.** Dr. Burke is a private practice Oral and Maxillofacial surgeon in Southern New Jersey. He has served as the team oral and maxillofacial surgeon for the Philadelphia Flyers and Phantoms professional hockey clubs since 1994. He has significant experience in hyperbaric oxygen therapy and received an Attending Hyperbaric Medicine Certificate in 1996.

**Dr. R. Dean White, D.D.S., M.S.** Dr. White is a past President of the American Board of Oral & Maxillofacial Surgeons, and is one of the foremost Oral & Maxillofacial surgeons in the US, with over 30 years' experience in private practice.

**George Brody, B.Sc. (Eng), M.Sc. (Eng), M.Sc. (Comp. Sci.).** George Brody is the Founder of venture funded GlobeRanger and a former executive of Nortel. Mr. Brody is a much sought out expert and speaker in the area of digital technology for wireless communications systems, sensors as well as RFID systems, and his current professional interests lie in the area of the intersection of wireless technology with medical device applications.

**Craig Turner, CPA, M.B.A.** Mr. Turner has over 15 years experience in accounting, finance and mergers & acquisitions. He currently serves as Chief Financial Officer of Agave Resources, LLC, a private equity firm focused on investing in early and mid-stage high growth companies. Prior to that Mr. Turner served as CFO for Geotrace Technologies, Inc., a company specializing in high technology seismic data processing for oil companies. His education includes a B.S. Accounting and an MBA from Colorado State University and he is a member of the Colorado Society of CPA's.

#### **Our Analysis:**

We feel that OxySure Systems, Inc. 'OXYS' presents an interesting opportunity. We see the market for the pre-placement of emergency oxygen delivery systems to be a significant market; one where OxySure Systems has the potential to become the leading equipment supplier to the market. If this were to happen, then investors who accumulate shares of OxySure Systems at these price levels could be well rewarded.

We are considering the shares of OxySure Systems to be suitable at the current price levels to the addition of portfolios as a speculative component; and as a result we are willing to place a speculative buy recommendation on the shares of OxySure Systems.

#### **Product Videos:**

Recently the company has received increased media attention, as a result the company has posted the videos online for viewing. The videos explain the uses and benefits of the company's products.



OxySure Video News Clip on WFAA/Channel 8

(Alt. Link: <http://www.youtube.com/watch?v=YC1vSUcyeyI&feature=plcp>)

Matt Lauer of the Today Show Interview of Kylee Shae and Family

(Alt. Link: <http://www.youtube.com/watch?v=ndiNz7WyKz0&feature=plcp>)

**Endnotes:**

1. OxySure Systems, Inc. 10-Q for the quarter ended September 30<sup>th</sup>, 2012 filed with the SEC on November 14<sup>th</sup>, 2012. [http://www.sec.gov/Archives/edgar/data/1413797/000121390012006200/f10q0912\\_OxySure.htm](http://www.sec.gov/Archives/edgar/data/1413797/000121390012006200/f10q0912_OxySure.htm)

2. Yahoo Finance. OxySure Press Release dated November 14<sup>th</sup>, 2012. <http://finance.yahoo.com/news/OxySure-oxys-announces-3q-2012-220142793.html>

3. Yahoo Finance. OxySure Press Release dated November 8<sup>th</sup>, 2012. <http://finance.yahoo.com/news/OxySure-appoints-territory-representatives-illinois-142640215.html>

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