

## Report of Jan Jindra, Ph.D.

1. My name is Jan Jindra. I am currently a Financial Economist in the Division of Economic and Risk Analysis at the U.S. Securities and Exchange Commission ("SEC"). In my current and past work I have analyzed firms operating in various industries, such as life science, pharmaceuticals, technology, financial services, retail, agricultural services, and others. I have studied the forecasts of operating performance and analyzed valuation of such firms. In the past I was also an Assistant Professor of Finance at Menlo College and the Ohio State University. While in academia, I developed and taught a course that involved modeling and valuation of firms' pro-forma financial forecasts. My academic research, which has studied topics related to valuation of firms, securities offerings, financial institutions, and effect of information on stock prices, has been published in outlets such as *Financial Management*, *Journal of Corporate Finance*, *Journal of Banking and Finance*, *Financial Review*, and *Quarterly Journal of Finance*, among others. My research has been presented at numerous conferences in the United States and worldwide. I have been invited to present my research by numerous universities throughout the United States. Leading finance journals, such as *Journal of Finance*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis*, *Financial Management*, *Journal of Corporate Finance*, *Journal of Banking and Finance*, and others, have asked me to serve as an ad hoc referee. I received my Ph.D. in finance from the Ohio State University and my B.S.B.A. in finance from the University of Florida. My curriculum vitae is attached as **Exhibit A**.



## **I. Scope of Work**

2. I have been asked by counsel for the SEC to analyze the projections relating to the costs, revenues, and job-creation estimates in the Jay Peak Biomedical Research Park L.P. Offering Memorandum dated November 30, 2012 (“Original Offering Memorandum”) and the subsequently Amended and Restated Offering Memorandum dated January 30, 2015 (“Revised Offering Memorandum”), both used in connection with the offering of securities in the Jay Peak Biomedical Research Park L.P. (“Project” or “Jay Peak Bio”).

3. I receive an annual salary for the performance of my duties at the SEC. I have not been specially compensated for the preparation of my report nor is my salary in any way dependent upon the outcome of this case.

## **II. Materials Relied Upon**

4. In forming my opinions, I relied on publicly-available information, reports, publications, and data as well as case materials, which are disclosed in the “Materials Relied Upon” list attached at the end of this declaration as **Exhibit B**.

## **III. Summary of Opinions**

5. Jay Peak Bio’s revenues are contingent on securing the requisite approvals for its products from the United States Food and Drug Administration (“FDA”), a process that generally takes a substantial amount of time and has an uncertain outcome. The Original Offering Memorandum contained three representations about the status of the FDA approval process of Jay Peak Bio’s products. I conclude that these representations were inconsistent with the factual evidence.

6. The projected revenues contained in the Original Offering Memorandum were higher than reasonable because, according to Jay Peak Bio's own documents, the development of the contemplated products was projected to occur within unreasonable timeframes. Specifically, the Original Offering Memorandum's revenue projections were based on development of products taking place in the Vermont facilities prior to the facilities being completed, operational, and available to develop the products. As a result, the Original Offering Memorandum roughly tripled the revenue Jay Peak Bio could have reasonably expected to realize within the specified time frame.

7. Analysis of Jay Peak Bio's industry peers and other firms with available data for the fiscal year 2012 indicates that the Original Offering Memorandum made overly optimistic forecasts regarding costs and profitability. Specifically, Jay Peak Bio projected its selling and general administrative ("SGA") expenses to be lower than the SGA expenses of all of its industry peers, and also projected itself to be the most profitable firm within the industry. Furthermore, when compared to 2,608 firms with available data, only 12 firms (or 0.5% of the 2,608 firms) had lower SGA expenses and higher profitability when compared to the projections in the Original Offering Memorandum.

8. The Revised Offering Memorandum's projections of revenues are higher than reasonable because, according to Jay Peak Bio's own documents, the development and requisite FDA approvals of the contemplated products were projected to occur within unreasonable timeframes. Specifically, the Revised Offering Memorandum projects that revenues from the contemplated products will be realized prior to the date when Jay Peak Bio expects to obtain FDA approvals for the products. As a result, the Revised Offering Memorandum roughly doubles the revenue Jay Peak Bio can reasonably expect to realize.

9. Analysis of Jay Peak Bio's industry peers and other firms with available data for the fiscal year 2014 indicates that the Revised Offering Memorandum continues to make overly optimistic projections regarding costs and profitability. Specifically, Jay Peak Bio continues to project its SGA expenses to be, on average, lower than the SGA expenses of all of its industry peers and also continues to project to be, on average, the most profitable firm within the industry. Furthermore, when compared to 2,338 firms with available data, only five firms (or 0.2% of all firms) have lower SGA expenses and higher profitability when compared to the projections in the Revised Offering Memorandum.

10. Overall, in my opinion, both the Original Offering Memorandum and the Revised Offering Memorandum overstate the economic viability of the project and the project's ability to create the stated number of jobs needed to support the EB-5 Immigrant Investor Program.

#### **IV. Overview of the Project and the FDA Approval Process**

##### ***IV.A. The Project***

11. According to the Original Offering Memorandum, the Project involves "(1) construction of a world class certified GMP (Good Manufacturing Practice) and GLP (Good Laboratory Practice) building and facility in Newport, Vermont, (2) supply of all necessary equipment and technicians in the facility, (3) research, development, manufacture and distribution of the AnC Bio Products under intellectual property and distribution agreements from and with AnC Bio Inc., South Korea (the "Existing AnC Entity") and AnC Bio VT, and (4) operation of clean room spaces in the building by third parties, including without limitation the Existing AnC Entity, so that those third parties may conduct research into certain affiliated industries."<sup>1</sup>

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<sup>1</sup> Original Offering Memorandum, Section 1, p. 12, AnC Bio 000020.

12. The Original Offering Memorandum estimates that the total cost of the Project will be \$118 million, of which \$110 million will be raised from 220 investors under the EB-5 Immigrant Investor Program<sup>2</sup> and \$8 million will be financed by an entity affiliated with Jay Peak Bio.<sup>3</sup> The Original Offering Memorandum also estimates that between 2013 and 2018, the Project will provide total revenues of \$659,800,208, as well as income before tax and depreciation of \$281,042,834.<sup>4</sup>

13. The Original Offering Memorandum states that to “qualify as an EB-5 investor, each investor must demonstrate that 10 full-time, year-around employment positions will be created on account of the investment”<sup>5</sup> and that the Project “is poised to add over 3,000 jobs over the two year period of development and first three years of operations, well more than the number of jobs required by the EB-5 provisions of the Act and supporting and providing EB-5 investors with an opportunity to obtain permanent residence for themselves, their spouses and their minor children.”<sup>6</sup> This job-creation estimate is noted in a Report by the Economic Development and Research Group (“EDRG Report”) attached as Exhibit K to the Original Offering Memorandum. The estimate relies on two specific groups of inputs that are derived from the Original Offering Memorandum: (i) the costs of physical construction of the Project as well as the costs of equipment to be used in the facilities and (ii) projections of operating performance.<sup>7</sup>

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<sup>2</sup> The EB-5 Immigrant Investor Program provides a method for foreign nationals to obtain permanent U.S. residency through investment that creates jobs in the U.S. To obtain U.S. residency, individuals must invest \$1,000,000 (or \$500,000 in a “Targeted Employment Area”) and as a result of the investment create or preserve at least 10 jobs for U.S. workers, excluding the investor and his or her immediate family. Additional details regarding the EB-5 Program are at 8 C.F.R. § 204.6 and 8 C.F.R. § 216.6.

<sup>3</sup> Original Offering Memorandum, Section 2, p. 9, AnC Bio 000068.

<sup>4</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>5</sup> Original Offering Memorandum, Section 1, p. 27, AnC Bio 000035.

<sup>6</sup> Original Offering Memorandum, Section 2, p. 4, AnC Bio 000063.

<sup>7</sup> Original Offering Memorandum, Exhibit K, pp. ii and iii, AnC Bio 000186-7.

#### *IV.B. The FDA Approval Process*

14. The FDA has the authority to approve medical devices marketed in the U.S. Jay Peak Bio's contemplated products are subject to FDA review and approval. The FDA process generally takes a substantial amount of time and has an uncertain outcome.

15. The FDA review process is contingent on the type of medical device. A medical device can be broadly classified as Class I, II, or III. Jay Peak Bio's own documents state that its products are Class II and Class III devices.<sup>8</sup> Class II and III devices are subject to 510(K) review or Premarket Approval ("PMA") review by the FDA.<sup>9</sup> Generally, the submission of an application for FDA approval is the final step that follows numerous steps such as development, testing, and other potential pre-submission communication with the FDA.<sup>10</sup> These steps by themselves frequently take years, a fact that Jay Peak Bio recognized. For example, in its time schedule for stem cell therapies, Jay Peak Bio lists the following steps prior to the submission to FDA: "Product development in accord with 21CFR1271," "IND application & approval (SOPP8200)," and "Clinical Study (GCP)."<sup>11</sup> According to the schedule, Jay Peak Bio expects that these pre-submission steps will take 3.5 years to complete.<sup>12</sup>

16. A 2012 study by the United States Government Accountability Office ("2012 GAO Study") analyzed the duration of the final step in the FDA approval process, the time between the initial submission and the final FDA decision for products. The findings of this study are

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<sup>8</sup> Time Schedule – Commercialization, 9/17/2011 (at PW-01228, SEC-NesbittB-P-0000071, and SOLARTE00001032) states: "Our artificial organ products will be classified in either Class II or Class III."

<sup>9</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, p. 5. See also, the same report p. 8: "PMAs are designated as either original or expedited."

<sup>10</sup> While the pre-submission steps to receive FDA feedback on various elements of an application are not required, the FDA "...strongly recommends a Pre-Sub[mission] prior to the submission of any PMA so that we can relay important considerations for filing, formatting, electronic data, etc. in addition to any device-specific discussions." (Source: Requests for Feedback on Medical Device Submissions: The Pre-Submission Program and Meetings with Food and Drug Administration Staff, 7/13/2012, p. 38.)

<sup>11</sup> Time Schedule – Commercialization, dated 9/17/2011, PW-01228. (Identical information with respect to the expected length of time to eventual sales of the contemplated products is also contained in the following time schedules dated 9/17/2011: SEC-NesbittB-P-0000071, SOLARTE00001032, WK 000705, and WK 003680.)

<sup>12</sup> Time Schedule – Commercialization, dated 9/17/2011, PW-01228.

relevant to the step of Jay Peak Bio's "Time Schedule" dealing with the FDA approval. The 2012 GAO Study reports that by 2010, the number of review cycles per submission to the FDA increased to about two for each of 510(K), PMA, and expedited PMA reviews.<sup>13</sup> Hence, if Jay Peak Bio's experience were comparable to the experience of an average applicant to the FDA, Jay Peak Bio could expect to go through two submissions for each product. Looking at the experience of all firms making a submission to the FDA, the 2012 GAO study reports that for 2010, the most recent year with complete data for 510(K) reviews, it took on average approximately 150 days (about five months) for 510(K) reviews to receive the final FDA decision.<sup>14</sup> The 2012 GAO study also reports that for 2008, the most recent year with complete data for PMA, and for 2009, the most recent year with complete data for expedited PMA, it took on average 627 days (about 21 months) for PMA and 545 days (about 18 months) for expedited PMA reviews to receive the final FDA decision.<sup>15</sup> Hence, the 2012 GAO Study indicates that the final step in the FDA review process, on average takes between about five and 21 months.

17. The outcome of the FDA approval process is uncertain. A study by the United States Government Accountability Office analyzed FDA decisions regarding medical devices during the 2003 to 2007 fiscal years ("2009 GAO Study").<sup>16</sup> The findings of the 2009 GAO Study indicate that 91% of all Class II medical devices subject to the 510(K) review were approved,

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<sup>13</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, pp. 42, 44, and 46.

<sup>14</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, p. 16.

<sup>15</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, pp. 30 and 32.

<sup>16</sup> United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009.

leaving about a 1-in-10 risk of an outcome other than outright approval.<sup>17</sup> The 2009 GAO Study also reports that 67% of Class III medical devices were approved under the 510(K) review process, leaving about a 1-in-3 risk of an outcome other than outright approval.<sup>18</sup> The same study finds that 78% of Class III medical devices were approved under the PMA review, leaving about a 1-in-5 risk of an outcome other than outright approval.<sup>19</sup>

18. More recently, the 2012 GAO Study analyzed FDA decisions regarding medical devices during the 2003 to 2010 fiscal years.<sup>20</sup> The findings of the 2012 GAO Study indicate that the FDA approved 75% of medical devices submitted under the 510(K) review process during 2010, the most recent year with complete data for 510(K) reviews.<sup>21</sup> This approval rate indicates a 1-in-4 risk of an outcome other than outright approval. The 2012 GAO study also reports that the FDA approved 56% of medical devices submitted under the PMA review during 2009, the most recent year with complete data.<sup>22</sup> This approval rate indicates a risk of an outcome other than outright approval between 1-in-2 and 1-in-3. The same study reports that the FDA approved 75% of medical devices submitted under the expedited PMA review during 2009, the most recent year

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<sup>17</sup> United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009, p. 17. The 2009 GAO Study reports 3 outcomes: approved, denied, and other decision. "Other decisions include submissions that were withdrawn, were exempted by regulation, were not responsive to FDA's requests within a specific time frame, were forwarded to another FDA center (e.g., drugs or biologics), were duplicates, or were products not to be devices." (United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009, p. 17.)

<sup>18</sup> United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009, p. 17.

<sup>19</sup> United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009, p. 17.

<sup>20</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012.

<sup>21</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, p. 42.

<sup>22</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, p. 44.

with complete data.<sup>23</sup> This approval rate indicates a 1-in-4 risk of an outcome other than outright approval.

**V. The Representations in the Original Offering Memorandum's Regarding the Status of Progress Toward FDA Approvals Are Inconsistent with the Factual Evidence**

19. Jay Peak Bio was aware that it needed FDA approval for its products. The Original Offering Memorandum forecasted that the revenues from stem cell and artificial organ products, i.e. products subject to FDA approval, account for 100%, 67%, 80%, 88%, and 91% of the overall revenues for 2014 through 2018, respectively.<sup>24</sup> Hence, the progress toward and the likelihood of securing FDA approvals for Jay Peak Bio's products are crucial to the revenue projections. The representations regarding the status of the FDA review of the products as contained in the Original Offering Memorandum are inconsistent with the factual evidence.

20. There are three references to the FDA in the Original Offering Memorandum. First, the Original Offering Memorandum states that Jay Peak Bio "plans on developing, producing and marketing the products described above throughout the world, with particular focus in the United States once FDA approval is obtained."<sup>25</sup> Second, in Exhibit O, which is attached to the Original Offering Memorandum, Jay Peak Bio states that the T-PLS device is "[c]urrently under process of US FDA approval."<sup>26</sup> Third, in the same exhibit, Jay Peak Bio states that the C-PAK system is "[c]urrently under progress of US FDA approval (2013)."<sup>27</sup> The Original Offering Memorandum contains no other explicit reference to the FDA that I found.

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<sup>23</sup> United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012, p. 46.

<sup>24</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>25</sup> Original Offering Memorandum, Section 2, p. 21, AnC Bio 000080.

<sup>26</sup> Original Offering Memorandum, Exhibit O, p. 21, AnC Bio 000249.

<sup>27</sup> Original Offering Memorandum, Exhibit O, p. 43, AnC Bio 000251.

21. However, the record reveals that Jay Peak Bio did not make a submission to the FDA seeking approval of its products by 2012 or even 2014. Specifically, I note the following instances of communication between Mr. Stenger, the president and CEO of Jay Peak Bio, and the FDA, neither of which is a submission or a request for approval.

22. On June 2, 2010, Mr. Stenger received two emails from the FDA. The first email refers to a telephone conversation and provides general “information to help understand the medical device regulation.”<sup>28</sup> A follow-up email on the same day provides additional information regarding setting up a meeting with the FDA to initiate the pre-approval review process – specifically, the email states: “To proceed with setting up a preIDE [“pre-Investigational Device Exemption”] meeting, we request that you officially submit a preIDE package (minimum of 2 copies required) to the Agency. Upon receipt of the preIDE information, we can proceed with setting up a mechanism to discuss the issues of interest to you. Again, the Agency typically tries to provide feedback (either through meeting, email, phone, etc.) within a 60-day timeframe.”<sup>29</sup> There is no evidence that Jay Peak Bio responded to either of these emails or that it submitted to the FDA any materials seeking a preIDE approval of clinical investigation or other materials seeking approval of any of its products.

23. On February 10, 2011, Mr. Stenger received an email from the FDA that responded to a request for “information on how to proceed through the regulatory process to receive clearance through 510(k) or approval through PMA for the Twin-Pulse Life Support Pump.”<sup>30</sup> Consequently, on May 18, 2011, Mr. Stenger responded to the FDA in a letter stating that Jay Peak Bio will pursue 510(K) review for the T-PLS product and that Jay Peak Bio is “... actively pursuing this project and will reach out to you shortly to apprise you of our progress and next

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<sup>28</sup> Email Ms. Velez Cabassa to Mr. Stenger dated 6/2/2010, 2:26 PM, AnC Bio 004180-2.

<sup>29</sup> Email Ms. Velez Cabassa to Mr. Stenger dated 6/2/2010, 2:45 PM, AnC Bio 004186-7.

<sup>30</sup> Email chain between Ms. Catherine Wentz and Mr. Stenger, dated 2/10/2011, 9:51 AM, JPI 080674-5.

steps.”<sup>31</sup> There is no evidence that Jay Peak Bio reached out to the FDA to apprise the agency of Jay Peak Bio’s progress and next steps.

24. Finally, during his sworn testimony, Mr. Stenger confirmed that there was no submission or presentation of materials to the FDA as of May 21, 2014.<sup>32</sup>

25. Hence, the three FDA-related representations in the Original Offering Memorandum stating that the FDA process was under way are inconsistent with other evidence that shows no submissions were made to the FDA. Since the products subject to FDA approval contribute the vast majority of projected revenues, any delay in seeking FDA review and approval would adversely affect Jay Peak Bio’s ability to realize the projected revenues and, in turn, would also adversely affect both the economic viability of the Project and the number of jobs created.

## **VI. The Original Offering Memorandum’s Projected Financial Performance**

26. The Original Offering Memorandum provides forecasted revenues, costs, and profitability. These projections affect both the economic viability of the Project as well as the estimate of new jobs created.

### ***VIA. The Original Offering Memorandum’s Revenue Projections Are Inconsistent with Jay Peak Bio’s Own Estimated Time to Realize the Revenues from the Contemplated Products and Are Overstated***

27. The projections in the Original Offering Memorandum regarding revenues derived from stem cell and artificial organ products are not realistic given Jay Peak Bio’s own forecast of the time needed to develop such products and to gain FDA approvals.

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<sup>31</sup> Letter from Mr. Stenger to Ms. Catherine Wentz, dated 5/18/2011, AnC Bio 004177.

<sup>32</sup> Testimony of Mr. Stenger, 5/21/2014, p. 214 and p. 221.

28. Jay Peak Bio planned to both develop and manufacture the contemplated products in its Vermont facilities when completed.<sup>33</sup> The Original Offering Memorandum states that “Operations commence – By April 15, 2014.”<sup>34</sup> Hence, the facilities were not expected to be completed and available to begin product development, testing, and manufacturing until April 2014.

29. With respect to the timing of the revenues in the Original Offering Memorandum, Jay Peak Bio forecasts revenues from stem cells and artificial organs as early as 2014.<sup>35</sup> The Offering Memorandum does not provide a detailed breakout of projected revenues for individual products. However, such detailed breakout of projected revenues for each of the products is contained in an internal Jay Peak Bio email dated May 31, 2012.<sup>36</sup> The total projected revenues in the May 31, 2012 email are identical to the projected revenues contained in the Original Offering Memorandum.<sup>37</sup> Based on the revenue forecasts for each of the products from the May 31, 2012 email, Jay Peak Bio projected the first revenues derived from (i) stem cell therapies and T-PLS would take place during 2014 and (ii) C-PAK and E-Liver would take place during 2015.<sup>38</sup>

30. Jay Peak Bio’s own document titled “Time Schedule – Commercialization” dated 9/17/2011, contains the steps and time leading up to the FDA approvals of stem cell therapies, T-PLS, C-PAK, and E-Liver, and the expected time needed to launch these products in the market.<sup>39</sup> The schedule, contained in Jay Peak Bio’s Original Offering Memorandum, indicates that Jay Peak Bio’s Original Offering Memorandum was unrealistic regarding the time needed to

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<sup>33</sup> Testimony of Mr. Stenger, 9/17/2015, pp. 425-426.

<sup>34</sup> Original Offering Memorandum, Section 2, p. 10, AnC Bio 000069.

<sup>35</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>36</sup> Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment “ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx” JPI 075142-155.

<sup>37</sup> Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment “ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx” JPI 075143; Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>38</sup> Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment “ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx” JPI 075144-6.

<sup>39</sup> Time Schedule – Commercialization, dated 9/17/2011, PW-01228.

complete the necessary steps prior to realizing any revenues from products subject to FDA approvals. Based on the schedule, the development of the products was to begin in January 2012.<sup>40</sup> However, the Vermont facilities were only expected to be completed and ready for commencement of operations and product development by April 15, 2014.<sup>41</sup> Therefore, the product development could not have begun in January 2012 because the facilities would not have been completed and operational. Instead, the development of the stem cell products would only have begun in April 2014, i.e., about 2 years and 3 months later than stated in the schedule. As a consequence of this delay, the launching of:

- a. The stem cell products in the market would not occur until February 2018 (2 years 3 months following the originally projected November 2015 launch date). Therefore, revenues from stem cell products could not have begun in 2014, as stated in the Original Offering Memorandum, but only in 2018.
- b. T-PLS in the market would not occur until September 2016 (2 years and 3 months following the originally projected June 2014 launch date). Therefore, revenues from T-PLS could not have begun in 2014, as stated in the Original Offering Memorandum, but only in 2016.
- c. C-PAK in the market would not occur until July 2017 (2 years and 3 months following the originally projected April 2015 launch date). Therefore, revenues from C-PAK could not have begun in 2015, as stated in the Original Offering Memorandum, but only in 2017.

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<sup>40</sup> Time Schedule – Commercialization, dated 9/17/2011, PW-01228 (identical product development start date is also contained in the following time schedules dated 9/17/2011: SEC-NesbittB-P-0000071, SOLARTE00001032, and WK 000705). The time schedule contained in WK 003680 states that product development was to begin in January 2013, one year later when compared to the other time schedules dated 9/17/2011, and shifts all expected process dates one year forward. Hence, my conclusions do not vary whether I rely on either version of the time schedule.

<sup>41</sup> Original Offering Memorandum, Section 2, p. 10, AnC Bio 000069.

- d. E-Liver in the market would not occur until September 2017 (2 years and 3 months following the originally projected June 2015 launch date). Therefore, revenues from E-Liver could not have begun in 2015, as stated in the Original Offering Memorandum, but only in 2017.

31. To quantify the effect of the delays in launching and realizing revenues of the contemplated products, I start with the Original Offering Memorandum and the underlying forecasts for individual products as detailed in the schedule titled “Projected Income and Expenses” with subtitle “Revenues.”<sup>42</sup> I first replicated the schedule which is reproduced as **Exhibit C.1** – my replicated calculations match both the revenue schedule in the “Projected Income and Expenses” as well as the revenue estimates for stem cells and artificial organ products in the Original Offering Memorandum. Next, I incorporate the effect of the delayed timing of market launch of the individual products (**Exhibit C.2**). Specifically, I account for the fact that the development stage could only begin when the Vermont facilities were completed in April 2014, not in January 2012. As described in the prior paragraph, this delay in the start of the development of the products would in turn push out the launch dates of when the products would start selling in the market. For example, the revenues from stem cell products only start to accrue in 2018, not in 2014 as stated in the Original Offering Memorandum.<sup>43</sup>

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<sup>42</sup> Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment “ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx” JPI 075144-6.

<sup>43</sup> With the exception of revenues from stem cell products for 2018, I assume that for each product Jay Peak Bio would realize the same amount of revenue in my first year as in the projections’ first year, regardless of the number of months involved. So, for example, Jay Peak Bio projected it would realize \$375,000 in revenue from T-PLS from June to December 2014, a period of seven months. My calculations show Jay Peak Bio realizing the same amount of revenue from September to December 2016, a period of only four months. Similarly, Jay Peak Bio projected it would realize \$18,000,000 in revenue from C-PAK from April to December 2015, a period of nine months. My calculations show Jay Peak Bio realizing the same amount of revenue from July to December 2017, a period of six months. For all products but stem cells, these calculations benefit Jay Peak Bio, since I show the company realizing the same amount of first-year revenue in fewer months. For stem cell products, Jay Peak Bio’s first year projections cover two months (November-December 2015), whereas my first year runs for eleven months (February-December 2018). To account for the increased number of months during the first year, i.e., 11 months vs. 2 months, I increase the first-year revenue for stem cells products in 2018 by a factor of 11/2.

32. I repeat this process for each of the contemplated products and sum the individual products' adjusted revenues to arrive at the adjusted total revenues (line [29] in **Exhibit C.2**). For convenience, I report the original total revenues forecast on line [30]. The analysis indicates that after adjusting for the delayed timing of the product launches in the market, Jay Peak Bio would not realize its first revenues in 2014 as originally forecasted, but in 2015. Furthermore, the adjusted total revenues are smaller than the originally projected total revenues for each of the years forecasted. In fact, the adjusted revenues are only 20.2% to 33.0% of the original revenues. This means that each year the Original Offering Memorandum roughly triples the revenue Jay Peak Bio could reasonably expect to realize. Another way to assess the economic importance of the delay in revenue is to calculate the shortfall in revenue. Line [32] column "Total" reports the shortfall in revenue Jay Peak Bio can reasonably expect to realize is about \$488.9 million during the forecast period. Taking into account time value of money, the total present value of the shortfall in revenue is \$305.6 million.<sup>44</sup>

33. Furthermore, I note that my adjustments to the projected revenues in **Exhibit C.2** are likely too conservative since Jay Peak Bio's projections regarding the duration of the final step in the FDA review process in its "Time Schedule – Commercialization" are too short. As noted previously, based on the findings of the 2012 GAO study, if Jay Peak Bio's experience will be comparable to the experience of an average applicant to the FDA, Jay Peak Bio can expect the FDA review process alone to last about five to 21 months for each product. In contrast, in its schedule, Jay Peak Bio forecasted the duration of the FDA review to be only four months for each of its contemplated products.<sup>45</sup> Hence, Jay Peak Bio's forecasts of the duration of the FDA

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<sup>44</sup> The 14% discount rate is based on the maximum discount rate used by Jay Peak Bio's competitors. Specifically, PRA Health Sciences uses a 13% discount rate (Form S-1 filed 9/8/2014, p. F-148) and Bioanalytical Systems, Inc. uses 14% discount rate (Form 10-K filed 12/31/2012, p. 31).

<sup>45</sup> Time Schedule – Commercialization, dated 9/17/2011, PW-01228.

review for the contemplated products are too short. As a result, the adjusted projections of revenues in **Exhibit C.2** are still likely overstated, i.e., it would take even longer for Jay Peak Bio to realize the revenues from the products than shown in **Exhibit C.2**.

34. Overall, the Original Offering Memorandum's projections are inconsistent with Jay Peak Bio's own contemporaneous schedules regarding the timing of launching the contemplated products in the market. As a result, the Original Offering Memorandum significantly overstates the expected revenues. An overstatement of expected revenue would also lead to an overstated number of jobs expected to be created.

***VI.B. The Original Offering Memorandum Understates Selling, General, and Administrative ("SGA") Expenses and Overstates Profitability***

35. I analyze whether the projections in the Original Offering Memorandum are reasonable when compared to Jay Peak Bio's industry peers as well as to a broad sample of firms. This analysis helps in assessing whether Jay Peak Bio's forecasts are grounded in economic reality. I find that Jay Peak Bio's projections are overly optimistic.

36. Among other items, the Original Offering Memorandum provides forecasts of revenue, SGA expenses, and income (loss) before tax and depreciation for a partial year 2014 and full fiscal years 2015 to 2018. I calculate two financial characteristics of Jay Peak Bio for the full fiscal years 2015 to 2018, based on the Original Offering Memorandum's "Projected Income and Expenses" table:<sup>46</sup> (i) ratio of SGA expenses to total revenue; and (ii) ratio of income (loss) before tax and depreciation to total revenue ("EBITDA"). I use the SGA ratio to assess part of the forecasted cost structure and the EBITDA ratio to measure accounting profitability of Jay Peak Bio. Given that Jay Peak Bio is a new firm that is yet to develop the sales channels and build up its market share, it is not unreasonable to expect that, especially in the early years, Jay

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<sup>46</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

Peak Bio would project higher expenses related to selling of its products (i.e., higher SGA expenses) relative to its seasoned industry peers. It is also not unreasonable to expect that in part due to the effect of the higher SGA expenses in the early years of operations as well as due to other relevant factors, Jay Peak Bio would be less profitable (i.e., would have lower EBITDA) than its peers.

37. I identify peer firms of Jay Peak Bio based on the Original Offering Memorandum, which states that the “specific industry category the ... Project falls under is NAICS 54171 Research and Development in the Physical Sciences, Engineering and Life Sciences.”<sup>47</sup> I consider a firm to be Jay Peak Bio’s industry peer if its historical 5-digit North American Industry Classification System (“NAICS”) code is 54171, its revenue is between \$20 million and \$1.5 billion for fiscal year 2012, and its headquarters is in the United States. Based on these criteria, I identify 11 industry peers during fiscal year 2012. I then collect the relevant data on operating characteristics from S&P Capital IQ Compustat North America Fundamentals Annual database (“Compustat”), a database frequently used by researchers in accounting and financial economics.<sup>48</sup>

38. **Exhibit D** column [4] reports the actual SGA to total revenue ratios of the industry peers for fiscal year 2012 as well as the forecasted SGA to total revenue ratios for Jay Peak Bio per its Original Offering Memorandum for each year along with the average. The result shows that Jay Peak Bio forecasts that it will have the lowest SGA to total revenue ratio when compared to its industry peers. This finding indicates that despite not having a proven product and established sales channels, it expects to spend the least on building up its market share when compared to its peers. Hence, Jay Peak Bio’s forecasted SGA expenses are overly optimistic when compared to the economic reality of its industry.

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<sup>47</sup> Original Offering Memorandum, Section 2, p. 2, AnC Bio 000061.

<sup>48</sup> I note that for 2 firms in 2012, Compustat reports missing SGA expenses (Senomyx Inc. and Metabolix Inc.). I update the data with the information in the relevant SEC filing.

39. Exhibit E column [4] reports the actual income (loss) before tax and depreciation to total revenue ratios of the industry peers for fiscal year 2012 as well as the forecasted income (loss) before tax and depreciation to total revenue ratios for Jay Peak Bio per its Original Offering Memorandum for each year along with the average. The results show that Jay Peak Bio forecasts that it will be the most profitable firm in the industry as measured by the ratio of income (loss) before tax and depreciation to total revenue. Hence, Jay Peak Bio's forecasted profitability is overly optimistic when compared to the economic reality of its industry.

40. Finally, I identify all firms in Compustat with available data for SGA expenses, revenue, and income (loss) before tax and depreciation for fiscal year 2012. There are 2,608 firms with available data. Out of these 2,608 firms only 12 firms, about 0.5%, have lower SGA expenses and higher profitability when compared to Jay Peak Bio's average SGA expenses and profitability during the first full four years. Furthermore, none of the 12 firms operates in the same industry as Jay Peak Bio.<sup>49</sup> Hence, even when compared to a broad set of firms, Jay Peak Bio's forecasted profitability is overly optimistic.

41. Overall, I find that Jay Peak Bio's Original Offering Memorandum makes overly optimistic projections regarding its forecasted SGA expenses and its forecasted profitability. Taken together, this analysis indicates that Jay Peak Bio's Original Offering Memorandum is overly optimistic.

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<sup>49</sup> The 12 firms (NAICS code) are: AllianceBernstein Holding LP (523999); American Business Bank/CA (522110); American Petroleum Tankers Partners LP (483111); BP Prudhoe Bay Royalty Trust (533110); Holly Energy Partners LP (486910); Mesabi Trust (523910); Permian Basin Royalty Trust (533110); RSP Permian Inc (211111); Terra Nitrogen Co LP (325311); Toys R US Property Co I LLC (531120); Toys R Us Property Co II LLC (531120); VOC Energy Trust (211111).

## VII. The Revised Offering Memorandum's Projected Financial Performance

42. The Revised Offering Memorandum provides forecasted revenues, costs, and profitability. These projections affect both the economic viability of the Project as well as the estimate of new jobs created.

### *VII.A. The Revised Offering Memorandum's Revenue Projections for Stem Cell and Artificial Organ Products Are Inconsistent with Jay Peak Bio's Own Estimated Time to Realize the Revenues and Obtain FDA Approvals for the Contemplated Products and Are Overstated*

43. The projections in the Revised Offering Memorandum regarding revenues derived from stem cell and artificial organ products are, just as in the Original Offering Memorandum, inconsistent with Jay Peak Bio's own contemporaneous forecast of the time needed to develop, test, and gain FDA approvals for such products. Specifically, the Revised Offering Memorandum projects revenues from stem cell and artificial organ products prior to the date when Jay Peak Bio expects to obtain the requisite FDA approvals and, therefore, prior to the date Jay Peak Bio can begin realizing revenues from these products.

44. There is a formatting difference in the Revised Offering Memorandum when compared to the Original Offering Memorandum: the Revised Offering Memorandum refers to years 1, 2, 3, 4, and 5, while the Original Offering Memorandum refers to the actual calendar years. In order to determine which calendar year corresponds to year 1, I note that the Revised Offering Memorandum states that the operations are estimated to commence by "July 15, 2016."<sup>50</sup> Hence, when the Revised Offering Memorandum refers to "the first partial year of operations (Year 1 on the Projected Income and Expense Table..."<sup>51</sup>, it refers to the period starting July 15, 2016 and

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<sup>50</sup> Revised Offering Memorandum, Section 2, p. 10, AnC Bio 006744.

<sup>51</sup> Revised Offering Memorandum, Section 2, p. 26, AnC Bio 006760.

ending December 31, 2016. Consequently, years 2, 3, 4, and 5 end on the last calendar day of 2017, 2018, 2019, and 2020, respectively.

45. After I take into account the calendar time difference between the two Offering Memoranda, the projected revenues from stem cell and artificial organ products in the Revised Offering Memorandum are identical to the projected revenues in the Original Offering Memorandum. For stem cell products, the Original Offering Memorandum projects revenues to be \$1.825 million, \$7.3 million, \$30 million, \$90 million, and \$150 million for 2014, 2015, 2016, 2017, and 2018, respectively.<sup>52</sup> These originally projected revenues are identical to the projected revenues for years 2016 (year 1), 2017 (year 2), 2018 (year 3), 2019 (year 4), and 2020 (year 5) in the Revised Offering Memorandum.<sup>53</sup> For artificial organs, the Original Offering Memorandum projects revenues to be \$0.375 million, \$21.15 million, \$52.75 million, \$90.85 million, and \$128.95 million for 2014, 2015, 2016, 2017, and 2018, respectively.<sup>54</sup> These originally projected revenues are identical to the projected revenues for years 2016 (year 1), 2017 (year 2), 2018 (year 3), 2019 (year 4), and 2020 (year 5) in the Revised Offering Memorandum.<sup>55</sup> This indicates that other than shifting the revenues by about two years, reflecting the delay in the commencement of operations, there are no differences between the Original and Revised Offering Memoranda with respect to the revenues projected from stem cell and artificial organ products.

46. First, with respect to the timing of the requisite FDA approvals, I note that during his sworn testimony on May 21, 2014, Mr. Stenger stated that Jay Peak Bio has “not gotten FDA approval on the products, and it’s going to take sometime [sic] to do it.”<sup>56</sup> Referring to potential

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<sup>52</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>53</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762.

<sup>54</sup> Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081.

<sup>55</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762.

<sup>56</sup> Testimony of Mr. Stenger, 5/21/2014, p. 184.

FDA approvals, Mr. Stenger also stated that “it will take at least two years to get certain things through, and it may take longer in some of the product lines.”<sup>57</sup> Hence, even Mr. Stenger recognized that the Original Offering Memorandum’s projections regarding the timing of revenues from products subject to FDA approvals were unrealistic.

47. Second, the Revised Offering Memorandum revenue projections are inconsistent with Jay Peak Bio’s January 8, 2015, submission to the Vermont Agency of Commerce & Community Development, specifically, with a part of the submission titled “Time Schedule – Commercialization.” The 2015 “Time Schedule – Commercialization” provides forecasted dates of FDA approvals and “Launching product in the Market” for each of the contemplated products.<sup>58</sup> When I compare the dates of the expected FDA approvals in the 2015 “Time Schedule” with the dates of the first revenue for each product in the Revised Offering Memorandum, I conclude that Jay Peak Bio’s Revised Offering Memorandum projects revenues from each product would be realized prior to the relevant forecasted FDA approval date, meaning before Jay Peak Bio could realistically realize revenues from these products. Specifically, I note that:

- a. With respect to stem cell products, the Revised Offering Memorandum forecasts revenues of \$1.825 million, \$7.3 million, and \$30 million for years 2016 (partial year 1), 2017 (full year 2), and 2018 (full year 3), respectively.<sup>59</sup> However, Jay Peak Bio’s 2015 “Time Schedule - Commercialization” forecasts FDA approval of stem cell products in October 2018 and launching of the products in the market in November 2018.<sup>60</sup> Hence, the Revised Offering Memorandum projects revenues from stem cell

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<sup>57</sup> Testimony of Mr. Stenger, 5/21/2014, p. 182.

<sup>58</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule – Commercialization.

<sup>59</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762.

<sup>60</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule - Commercialization.

products prior to obtaining FDA approval, meaning before Jay Peak Bio could realistically realize revenues from stem cell products. This makes the projected revenues unrealistic.

- b. With respect to T-PLS, the Revised Offering Memorandum forecasts revenues of \$0.375 million and \$1.5 million for years 2016 (partial year 1) and 2017 (full year 2), respectively.<sup>61</sup> However, Jay Peak Bio's 2015 "Time Schedule - Commercialization" forecasts FDA approval of T-PLS in May 2017 and launching of the product in the market in June 2017.<sup>62</sup> Hence, the Revised Offering Memorandum projects revenues from T-PLS prior to obtaining FDA approval, meaning before Jay Peak Bio could realistically realize revenues from T-PLS. This again makes the projected revenues unrealistic.
- c. With respect to C-PAK, the Revised Offering Memorandum forecasts revenues of \$18 million and \$45 million for years 2017 (full year 2) and 2018 (full year 3), respectively.<sup>63</sup> However, Jay Peak Bio's 2015 "Time Schedule - Commercialization" forecasts FDA approval of C-PAK in March 2018 and launching of the product in the market in April 2018.<sup>64</sup> Hence, the Revised Offering Memorandum projects revenues from C-PAK prior to obtaining FDA approval, meaning before Jay Peak Bio could realistically realize revenues from C-PAK. This makes the projected revenues unrealistic.

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<sup>61</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762 and Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4.0.xlsx" JPI 075142-6.

<sup>62</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule - Commercialization.

<sup>63</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762 and Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4.0.xlsx" JPI 075142-6.

<sup>64</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule - Commercialization.

d. With respect to E-Liver, the Revised Offering Memorandum forecasts revenues of \$1.65 million for year 2017 (year 2).<sup>65</sup> However, Jay Peak Bio's 2015 "Time Schedule - Commercialization" forecasts FDA approval of E-Liver in May 2018 and launching of the product in the market in June 2018.<sup>66</sup> Hence, the Revised Offering Memorandum projects revenues from E-Liver prior to obtaining FDA approval, meaning before Jay Peak Bio could realistically realize revenues from T-PLS. Again, the projected revenues are unrealistic.

48. I next quantify the effect of the timing of expected FDA approvals and launching of the products in the market on the revenue forecasts in the Revised Offering Memorandum. In **Exhibit F.1**, I replicate the revenue forecasts per the Revised Offering Memorandum – my replicated calculations match both the revenue schedule in the "Projected Income and Expenses" as well as the revenue estimates for stem cells and artificial organ products in the Revised Offering Memorandum. Next, in **Exhibit F.2**, I shift the expected revenues such that their timing is consistent with the timing of the expected FDA approval per the 2015 "Time Schedule." For example, the Revised Offering Memorandum forecasts that operations will begin July 15, 2016 and the first year with revenues for stem cells will be 2016 (year 1).<sup>67</sup> As discussed above, based on Jay Peak Bio's 2015 "Time Schedule – Commercialization", the launching of stem cells in the market would not occur until November 2018. Hence, in **Exhibit F.2**, the revenues from stem

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<sup>65</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762 and Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4.0.xlsx" JPI 075142-6.

<sup>66</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule - Commercialization.

<sup>67</sup> Revised Offering Memorandum, Section 2, pp. 10 and 28, AnC Bio 006744 and AnC Bio 006762.

cell products start to accrue in 2018, rather than in 2016, as stated in the Revised Offering Memorandum.<sup>68</sup>

49. I repeat this process for each of the contemplated products and sum the individual products' adjusted revenues to arrive at the adjusted total revenues (line [29] in Exhibit F.2). For convenience, I report the original total revenues forecast on line [30]. The analysis indicates that after adjusting for the timing of the revenues, Jay Peak Bio will not realize its first revenues in 2016 as stated in the Revised Offering Memorandum, but in 2017. Furthermore, the adjusted total revenues are smaller than the originally projected total revenues for each of the years forecasted. In fact, the adjusted revenues are only 43.2% to 53.7% of the original revenues. This means that each year the Revised Offering Memorandum roughly doubles the revenues Jay Peak Bio can expect to realize from the contemplated products. Another way to assess the economic importance of the delay in revenues is to calculate the shortfall in revenue. Line [32] column "Total" reports the shortfall in revenues Jay Peak Bio can reasonably expect to realize is about \$368.9 million during the forecast period. Taking into account time value of money, the total present value of the shortfall in revenues is \$232.2 million.<sup>69</sup>

50. My adjustments to the expected revenues are likely too conservative and the resulting adjusted expected revenues in Exhibit F.2 are still overstated for at least two reasons:

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<sup>68</sup> With the exception of revenues from T-PLS for 2017, I assume that for each product Jay Peak Bio would realize the same amount of revenue in my first year as in the projections' first year, regardless of the number of months involved. So, for example, Jay Peak Bio projected it would realize \$1,825,000 in revenue from stem cell products from July to December 2016, a period of six months. My calculations show Jay Peak Bio realizing the same amount of revenue from November to December 2018, a period of only two months. For all products but T-PLS, these calculations benefit Jay Peak Bio, since I show the company realizing the same amount of first-year revenue in fewer months. For T-PLS, Jay Peak Bio's first year projections cover six months (July-December 2016), whereas my first year runs for seven months (June-December 2017). To account for the increased number of months during the first year, i.e., 7 months vs. 6 months, I increase the first-year revenue for T-PLS in 2017 by a factor of 7/6.

<sup>69</sup> The 14% discount rate is based on the maximum discount rate used by Jay Peak Bio's competitors. Specifically, PRA Health Sciences uses a 13% discount rate (Form S-1 filed 9/8/2014, p. F-148) and Bioanalytical Systems, Inc. uses 14% discount rate (Form 10-K filed 12/31/2012, p. 31).

- a. The 2015 “Time Schedule – Commercialization” projects product development begins January 2015, 1 year and 6 months prior to the facilities being completed and available for product development and testing. As a result some of the adjusted revenues may be further delayed due to the time needed to develop the contemplated products.
- b. As noted previously, based on the findings of the 2012 GAO study, if Jay Peak Bio’s experience will be comparable to the experience of an average applicant to the FDA, Jay Peak Bio can expect the FDA review process alone to last about five to 21 months for each product. In contrast, in its 2015 “Time Schedule,” Jay Peak Bio continues to forecast for each product the duration of the FDA review to be only four months.<sup>70</sup> Hence, Jay Peak Bio’s forecasts of the duration of the FDA review for the contemplated products continue to be too short.

51. Overall, the Revised Offering Memorandum projects revenues from stem cell and artificial organ products prior to the date Jay Peak expects to obtain the requisite FDA approvals, which renders the Revised Offering Memorandum unrealistic regarding the expected revenues. An overstatement of revenues would also lead to an overstated number of jobs expected to be created.

***VII.B. The Revised Offering Memorandum Understates SGA Expenses and Overstates Profitability***

52. I analyze whether the projections in the Revised Offering Memorandum are reasonable when compared to Jay Peak Bio’s industry peers as well as to a broad sample of firms. This analysis helps in assessing whether Jay Peak Bio’s projections are grounded in economic reality.

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<sup>70</sup> Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, Time Schedule - Commercialization.

I find that Jay Peak Bio's forecasted financial characteristics in the Revised Offering Memorandum continue to be overly optimistic.

53. The Revised Offering Memorandum provides forecasts for a partial year 2016 (year 1) and full fiscal years 2017 to 2020 (years 2 to 5).<sup>71</sup> Using the Revised Offering Memorandum forecasts, I again calculate SGA to total revenue ratio and EBITDA to total revenue ratio. Given that Jay Peak Bio is still a firm without proven record in the particular industry, I would expect that in order to develop the sales channels and build up its market share, Jay Peak Bio would project higher expenses related to selling of its products (i.e., higher SGA expenses). Furthermore, it is not unreasonable to expect that in part due to the effect of the higher SGA expenses in the early years of operations as well as due to other relevant factors, Jay Peak Bio would be less profitable (i.e., would have lower EBITDA) than its peers.

54. I identify peer firms of Jay Peak Bio as of 2014 based on the Revised Offering Memorandum, which continues to identify the same industry as the Original Offering Memorandum.<sup>72</sup> I impose the same revenue size and headquarters location as before. I then collect the relevant data on operating characteristics from Compustat database.<sup>73</sup>

55. The results in **Exhibit G** column [4] show that per its Revised Offering Memorandum, Jay Peak Bio expects to have the lowest SGA to total revenue ratio when compared to its industry peers. This finding indicates that despite not having a proven product and established sales channels, Jay Peak Bio expects to spend the least on building up its market share when compared to its peers. Hence, Jay Peak Bio's forecasted SGA expenses continue to be overly optimistic when compared to the economic reality of its industry.

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<sup>71</sup> Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762.

<sup>72</sup> Revised Offering Memorandum, Section 2, p. 2, AnC Bio 006736; Original Offering Memorandum, Section 2, p.2, AnC Bio 000061.

<sup>73</sup> I note that for 1 firm in 2014, Compustat reports missing SGA expenses (Senomyx Inc.). I update the data with the information in the relevant SEC filing.

56. The results in **Exhibit H** column [4] show that per its Revised Offering Memorandum, on average, Jay Peak Bio forecasts that it will be the most profitable firm in the industry as measured by the ratio of income (loss) before tax and depreciation to total revenue averaged over the forecast period. This result indicates that Jay Peak Bio's forecasted profitability continues to be overly optimistic when compared to the economic reality of its industry.

57. Finally, I identify all firms in Compustat with available data for SGA expenses, revenue, and income (loss) before tax and depreciation for fiscal year 2014. There are 2,338 firms with available data. Out of these 2,338 firms only five firms, about 0.2%, have lower SGA expenses and higher profitability when compared to Jay Peak Bio's average SGA expenses and profitability during the first full four years. Furthermore, none of the five firms operates in the same industry as Jay Peak Bio.<sup>74</sup> Hence, even compared to a broad set of firms, Jay Peak Bio's forecasted profitability in the Revised Offering Memorandum is overly optimistic.

58. Overall, I find that Jay Peak Bio's Revised Offering Memorandum makes overly optimistic projections regarding its forecasted SGA expenses and its forecasted profitability. Taken together, this analysis indicates that Jay Peak Bio's Revised Offering Memorandum is overly optimistic.

## **VIII. Conclusions**

59. Jay Peak Bio's revenues are contingent on securing the requisite approvals for its products from the FDA, a process that generally takes a substantial amount of time and has an uncertain outcome. The 3 representations about the status of the FDA approval process of Jay

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<sup>74</sup> The 5 firms (NAICS code) are: AllianceBernstein Holding LP (523999); BP Prudhoe Bay Royalty Trust (533110); Communications Sales & Leasing Inc. (531120); The St. Joe Co. (237210); Ultra Petroleum Corp. (211111).

Peak Bio's products contained in the Original Offering Memorandum were inconsistent with the factual evidence.

60. The projected revenues contained in the Original Offering Memorandum are higher than reasonable because the projections show that the development of products will take place in the Vermont facilities prior to the facilities being completed and operational. As a result, the Original Offering Memorandum roughly triples the revenue Jay Peak Bio can reasonably expect to realize.

61. Analysis of Jay Peak Bio's industry peers and other firms with available data for the fiscal year 2012 indicates that the Original Offering Memorandum made overly optimistic forecasts regarding costs and profitability. Specifically, Jay Peak Bio projected its SGA expenses to be lower than the SGA expenses of all of its industry peers and also projected to be the most profitable firm within the industry. Furthermore, when compared to 2,608 firms with available data, only 12 firms (or 0.5% of the 2,608 firms) had lower SGA expenses and higher profitability when compared to the projections in the Original Offering Memorandum.

62. The Revised Offering Memorandum's projections of revenues are higher than reasonable because the projections show that revenues from the contemplated products will be realized prior to the date when Jay Peak Bio expects to obtain FDA approvals for the products. As a result, the Revised Offering Memorandum roughly doubles the revenue Jay Peak Bio can reasonably expect to realize.

63. Analysis of Jay Peak Bio's industry peers and other firms with available data for the fiscal year 2014 indicates that the Revised Offering Memorandum continues to make overly optimistic forecasts regarding costs and profitability. Specifically, Jay Peak Bio continues to project SGA expenses to be, on average, lower than the SGA expenses of all of its industry peers and also continues to project to be, on average, the most profitable firm within the industry.

Furthermore, when compared to 2,338 firms with available data, only five firms (or 0.2% of all firms) had lower SGA expenses and higher profitability when compared to the projections in the Revised Offering Memorandum.

64. Overall, in my opinion, both the Original Offering Memorandum and the Revised Offering Memorandum overstate the economic viability of the project and the project's ability to create the stated number of jobs needed to support the EB-5 Immigrant Investor Program.



Dated: March 31, 2016

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Jan Jindra, Ph.D.

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✓



## Exhibit A

### JAN JINDRA, Ph.D.

#### WORK EXPERIENCE

- **Securities and Exchange Commission**, Financial Economist, July 2014 - present
- **Ohio State University**, Visiting Assistant Professor, September 2012 - May 2013
- **Menlo College**, Assistant Professor (promoted to Associate Professor), August 2009 - June 2014
- **Cornerstone Research**, Associate - Senior Manager, August 2000 - July 2009
- **World Bank**, Academic Consultant, April - July 1999
- **Ohio State University**
  - Graduate Instructor, April - June 1999
  - Graduate Research Assistant and *Journal of Finance* Copy Editor, January 1997 - March 1999

#### EDUCATION

- Ohio State University, Ph.D. (Finance), August 1996 - June 2000
- University of Florida, B.S.B.A. (Finance), May 1996, with highest honors

#### PUBLICATIONS

- Target Financial Independence and Takeover Pricing, 2015, with T. Moeller, *Journal of Financial Research* (38), 379-413.
- Returns to Acquirers of Public and Subsidiary Targets, 2015, with J. Jaffe, D. Pedersen, and T. Voetmann, *Journal of Corporate Finance* (31), 246-270.
- VC Valuation, Partial Adjustment, and Underpricing: Behavioral Bias or Information Production? 2015, with D. Leshchinskii, *Financial Review* (50), 173-219. (Finalist for The Reader's Choice Best Paper Review)
- Crises, Liquidity Shocks, and Fire Sales at Commercial Banks, 2014, with N. Boyson, J. Helwege, *Financial Management* (43), 857-884.
- Seasoned Equity Offerings, Valuation, and Timing: Evidence from 1980's and 1990's, 2014, *Quarterly Journal of Finance* (3).
- Political Spending and Shareholder Wealth: The Effect of the U.S. Supreme Court Ruling in *Citizens United*, 2014, with N. Burns, *American Politics Research* (42), 579-599.
- Acquisition Pricing in India During 1995-2011: Have Indian Acquirers Really Beaten the Odds? 2014, with P. Banerjee, P. Banerjee, S. De, J. Mukhopadhyay, *Journal of Banking and Finance* (38), 14-30.
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## WORKING PAPERS

- Sources of Funding in a Crisis: Evidence from Investment Banks, 2016, with J. Helwege
- CEO Compensation and the Sale of Private Firms, 2016, with K. Minnick, N. Burns
- Private Class Action Litigation Risk of Chinese Firms Listed in the U.S., 2015, with T. Voetmann and R. Walkling (2nd round R&R at *Quarterly Journal of Finance*)
- Learning about Target Firms and Pricing of Acquisition, 2015, with T. Moeller
- Thawing Frozen Capital Markets and Backdoor Bailouts: Evidence from the Fed's Liquidity Programs, 2015, with N. Boyson, J. Helwege
- Do Hedge Fund Fire Sales Disrupt the Market? 2013, with N. Boyson, J. Helwege
- Crises, Liquidity Shocks, and Fire Sales at Financial Institutions, 2011, w/ N. Boyson, J. Helwege

## ACADEMIC CONFERENCES AND PRESENTATIONS

- *Crises Sources of Funding in a Crisis: Evidence from Investment Banks*  
Cleveland Fed Financial Stability Conference, 2015
- *Thawing Frozen Capital Markets and Backdoor Bailouts: Evidence from the Fed's Liquidity Programs*  
Yale Conference on Financial Stability, 2015  
FMA Conference, 2014  
Ohio State University Finance Alumni Conference, 2014  
Menlo College, 2014  
Midwestern Finance Association Conference (by co-author), 2014
- *Learning, Uncertainty, and Acquisition Pricing*  
Paris Finance Meeting EUROFIDAI-AFFI (by co-author), 2014  
Asian FMA Conference (by co-author), 2014  
Santa Clara University, 2014  
China International Conference in Finance (by co-author), Shanghai, 2013  
FMA Conference, 2013
- *Do Hedge Fund Fire Sales Disrupt the Market?*  
FMA Conference (Finalist for Best Paper Award, by co-author), 2013  
Global Finance Conference, 2013  
Midwestern Finance Association Conference (by co-author), 2013  
Ohio State University, 2013
- *Why Newly Listed Firms Become Acquisition Targets*  
FMA Conference, 2011  
Securities and Exchange Commission, 2011  
Academy of Entrepreneurial Finance Conference, 2010  
Menlo College, 2010  
University of the Pacific, 2010
- *Crises, Liquidity Shocks, and Fire Sales at Commercial Banks*  
Global Finance Conference, 2013  
Midwestern Finance Association Conference, 2013

## ACADEMIC CONFERENCES AND PRESENTATIONS, Continued

- *Crises, Liquidity Shocks, and Fire Sales at Financial Institutions*  
Midwestern Finance Association Conference (by co-author), 2012  
1st CNMV International Conference, Madrid, Spain, 2011  
FMA Conference, 2011 (Best paper award)  
Menlo College, 2011  
Ohio State University Finance Alumni Conference, 2011  
7th Annual Conference on Corporate Finance at Washington University in St. Louis, 2010  
New York Federal Reserve/RCFS Financial Stability Conference (by co-author), 2010  
Bank of England/LSE Macroprudential Policy Conference (by co-author), 2010  
Babson College, 2010
- *Acquisition Pricing in India During 1995-2011: Have Indian Acquirers Really Beaten the Odds?*  
Global Finance Conference, 2013  
Indian Finance Conference, Kolkata (by co-author), 2012
- *CEO Compensation and the Sale of Private Firms*  
FMA Conference (accepted, Finalist for Best Paper Award), 2014  
Ohio State University, 2013
- *Target Financial Independence, Bargaining Power, and Takeover Pricing*  
Paris Finance Meeting EUROFIDAI-AFFI (by co-author), 2012  
Asian FMA Conference, 2012  
Southern Illinois University, 2010  
European FMA Conference, Germany (by co-author), 2010  
Texas Christian University, 2009  
Menlo College, 2009
- *VC Valuation, IPO Withdrawal, and Underpricing: Behavioral Bias or Information Production*  
FMA Conference, 2013  
Global Finance Conference, 2013  
Midwestern Finance Association Conference, 2013  
Academy of Behavioral Finance and Economics Conference (by co-author), 2011
- *A Valuation Study of Stock-Market Seasonality and Firm Size*  
Cornerstone Research, 2002
- *Corporate Valuation and the Resolution of Bank Insolvency in East Asia*  
Workshop on Credit in East Asian Crisis - World Bank, 2000  
Ohio State University, 2000
- *Arbitrage Spreads and the Market Pricing of Proposed Acquisitions*  
Ohio State University, 1999
- *Financial Policy and Reputation for Product Quality: An Empirical Analysis*  
FMA, 1999  
Ohio State University, 1999

## **ACADEMIC CONFERENCES AND PRESENTATIONS, Continued**

- *Seasoned Equity Offerings, Overvaluation, and Timing*  
FMA Conference, 2000  
Western Finance Association, 2000  
University of Southern California, 2000  
University of North Carolina-Chapel Hill, 2000  
University of Georgia, 2000  
Cornerstone Research, 2000  
Emory University, 2000  
Securities and Exchange Commission, 2000  
University of Notre Dame, 2000  
University of Houston, 1999  
FMA Doctoral Student Seminar, 1999  
Ohio State University - Edward F. Hayes Graduate Research Forum, 1999

## **ACADEMIC HONORS AND AWARDS**

- Finalist for The Financial Review Reader's Choice Best Paper Award, 2016
- Finalist for Best Paper Award, FMA, 2014
- Faculty Service Award, Menlo College, 2014
- Finalist for Best Paper Award, FMA, 2013
- Harris Manchester Fellow, Oxford University (declined), 2012
- Best Paper Award in Financial Institutions and Markets (Wiley Blackwell), FMA, 2011
- Pace-Setter Award, Ohio State University, 2000
- Distinguished Graduate Fellowship, Ohio State University, 1996, 1999
- Edward F. Hayes Graduate Research Forum, 1st place, Administrative Sciences, Ohio State University, 1999
- Graduate Associate Teaching Award, Finalist, Ohio State University, 1999
- Max M. Fisher College of Business Travel Award, Ohio State University, 1998, 1999

## **OTHER ACADEMIC ACTIVITIES**

- Discussant  
FMA/European FMA/Asian FMA: 1998, 1999, 2008, 2009, 2011, 2012, 2013, 2014  
MFA: 2013  
AFA: 2001
- Session Chair  
FMA/European FMA/Asian FMA: 2008, 2009, 2012, 2013
- Referee:  
Journals: Journal of Finance, Review of Financial Studies, Journal of Financial and Quantitative Analysis, Journal of Banking and Finance, Financial Review, International Journal of Central Banking, Journal of Empirical Finance, International Review of Economics and Finance  
Conferences: Financial Management Association Conference, Drexel Conference on Corporate Governance, Midwest Finance Association Conference, Conference on the Regulation of Financial Markets



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## **Exhibit B**

### **Materials Relied Upon**

#### **I. Case Materials**

Email chain between Ms. Catherine Wentz and Mr. Stenger dated 2/10/2011, 9:51 AM, JPI 080674-080675.

Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 vcr 4 0.xlsx", JPI 075142-075155.

Email Ms. Velez Cabassa to Mr. Stenger dated 6/2/2010, 2:26 PM, AnC Bio 004180-004182.

Email Ms. Velez Cabassa to Mr. Stenger dated 6/2/2010, 2:45 PM, AnC Bio 004186-004187.

Jay Peak Biomedical Research Park L.P. Offering Memorandum dated 11/30/2012, AnC Bio 000001-000253.

Jay Peak Biomedical Research Park L.P. Amended and Restated Offering Memorandum, AnC Bio 006665-007031.

Letter from Mr. Stenger to Ms. Catherine Wentz dated 5/18/2011, AnC Bio 004177.

Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, (no bates #).

Testimony of Mr. Stenger, 5/21/2014 and 9/17/2015.

Time Schedule – Commercialization, PW-01228, SEC-NesbittB-P-0000071, SOLARTE00001032, WK 000705, WK 003680.

#### **II. Publicly-Available Information**

EB-5 Immigrant Investor Program - 8 C.F.R. § 204.6 and 8 C.F.R. § 216.6.

Form 10-K, filed December 31, 2012, Bioanalytical Systems, Inc.

Form 10-K, filed March 15, 2013, Senomyx Inc.

Form 10-K, filed February 26, 2015, Senomyx Inc.

Form 10-K, filed March 28, 2013, Metabolix Inc.

## **II. Publicly-Available Information, continued**

Form S-1, filed September 8, 2014, PRA Health Sciences Inc.

Requests for Feedback on Medical Device Submissions: The Pre-Submission Program and Meetings with Food and Drug Administration Staff, 7/13/2012

United States Government Accountability Office, Report to Congressional Addressees, Medical Devices, January 2009.

United States Government Accountability Office, Report to Congressional Requesters, Medical Devices, February 2012.

## **III. Publicly-Available Data**

S&P Capital IQ Compustat North America Fundamentals Annual Database

## Additional Materials Reviewed

### IV. Case Materials

Materials	Date	Bates Number
Letter from Mr. Evans, University of Vermont, to Bill Stenger	10/5/2012	AnC Bio 004200-201
Email chain, Regional Job Growth, Mr. Gormley, Massachusetts Biomedical Initiatives to Mr. Snedeker, NVDA, to Mr. Stenger	12/23/2013	AnC Bio 004202-203
Artificial Organs	October 2006	AnC Bio 000412-505
Artificial Organs Competition		AnC Bio 000506-667
Building Plans		AnC Bio 000333-354
Concept Paper: Novel Treatments to Reduce Bacterial Load		AnC Bio 004207-210
Declarations of Dr. Jang and Mr. Kim	5/25/2014	SEC-ANCBIO-E-0000006-9
Email Chain, Artificial Organ Devices		AnC Bio 004204-206
Email Chain, AnCBio Vt Financials	5/31/2012	JPI 075133
Email Chain, Final AnCBio VT Financials with Attachment	5/31/2012	JPI 075142-155
Technical License Agreement	12/1/2012	JPI 087080-094
Master Distribution Agreement	12/1/2012	JPI 087095-105
Second Amendment to Limited Partnership Agreement	5/1/2010	JPI 087235-256
Memorandum of Understanding	12/4/2012	AnC Bio 004188-189
Memorandum of Understanding and Success of AnC Bio VT Business	12/4/2012	AnC Bio 004188-197
Memorandum of Understanding for Strategic Partnership and Necessary Support	10/23/2009	C 000001-002
Letter from NNE Pharmaplan to Dr. Jang	12/18/2013	AnC Bio 004198-199
Global Growth Factors, PRWeb	1/11/2011	AnC Bio 000674-676
Cover Letter from Mr. Gordon, Counsel to AnC Bio VT LLC, to Ms. Fuchs Relating to Following Documents:	11/20/2014	
Various Emails, Jay Peak Resorts, Economic Development Research Group		AnC Bio 005557-852
NNE Pharmaplan, Conceptual Design	12/16/2013	AnC Bio 005853-6058
John Stevens, Appraisal of Land	10/2/2014	AnC Bio 006059-111
New Facility of AnC Bio VT at New Port City	12/2/2013	NNE-SEC-0000420-449
NNE Pharmaplan, Design for Greenfield Manufacturing Facility	12/12/2013	NNE-SEC-0000459-562
NNE Pharmaplan - Mike Curry, Interview Notes	10/30/2014	
Asset Transfer Agreement, with Attachment A	12/15/2011	JPI 087240-247
Jay Peak Various Margin Loan Documents, Raymond James:		SEC-RJA-E-0002587-592
	2/6/2009	SEC-RJA-E-0002594-596
	6/3/2008	SEC-RJA-E-0002601
	2/10/2009	SEC-RJA-E-0002604
	5/28/2009	SEC-RJA-E-0002796
		SEC-RJA-E-0002799
	4/29/2010	SEC-RJA-E-0003412
Jay Peak Account Documents from Raymond James		Peak-VT-RJA000001-615
Raymond James Operations and Administration, Client Identification Program		SEC-FINOP-001017-030
Raymond James, Various Jay Peak Inc. Account Documents		SEC-FINOP-001031-091
Purchase and Sale Agreement with Exhibits A and B	not legible	JPI 087114-119
Purchase and Sale Contract with Warranty Deed	July 2011	AnC Bio 004214-225
Letter from Mr. Stenger to Ms. Moulton with Attachments	1/8/2015	
Email from Ms. Button to Mr. Brent, Subject: last ones, with Attachments	2/10/2014	
Materials from State of Vermont Department of Financial Regulation:		
Cushman & Wakefield, Appraisal of Real Property	3/17/2015	
ANC BIO PROJECT ORGANIZATIONAL CHART OF ENTITIES AND FUNCTIONS		
Frost & Sullivan Strategic Analysis of AnC Bio Products and Services: Evaluating Demand; Executive Summary	2/19/2015	

<b>Materials</b>	<b>Date</b>	<b>Bates Number</b>
Exhibit C (General Invoices; Letter from Mr. Padgett to Mr. Davis with Attachments)		
Exhibit G (Design, Procurement and Construction Management Services Agreement; Purchase Order; Proforma Invoice; Plans)		
Exhibit I (Master Distribution Agreement; Proforma Invoice; Frost & Sullivan Strategic Analysis of AnC Bio Products and Services: Evaluating Demand, Executive Summary [even pages missing])		
ANC BIO PROJECT FLOW OF FUNDS with Schedule of Exhibits to Support Expenditure Chart		
Legal and Business Rationales for Expenditures to Date of Jay Peak Biomedical Research Park LP Funds		
Private Placement Memorandum	11/30/2012	AnC Bio 000001-253
Amended and Restated Private Placement Memorandum Section 2 with redline edits and handwritten markups	5/5/2014	
Amended and Restated Private Placement Memorandum Section 1 with redline edits and handwritten markups	October 2014	
Amended and Restated Private Placement Memorandum Section 1 with redline edits (multiple versions)	1/30/2015	
Amended and Restated Private Placement Memorandum Section 1	1/30/2015	
Amended and Restated Private Placement Memorandum with redline edits and handwritten markups	October 2014	
Amended and Restated Private Placement Memorandum	1/30/2015	AnC Bio 006665-7031 SOLARTE00001073-442
Documents Received from the State of Vermont Agency of Commerce & Community Development Pertaining to Its Concerns, AnC Bio, Inc., and Relationship with Mr. Quiros (131 pages)		
Documents Received from the State of Vermont Agency of Commerce & Community Development Pertaining to Its Concerns Over AnC Bio Offering (Email from Mr. Kessler, State of Vermont, to Mr. Gordon, Counsel to AnC Bio Vt LLC; Letter from Mr. Gordong to Mr. Kessler)		
Documents Received from the State of Vermont Agency of Commerce & Community Development Pertaining to Audits, Documents and Research Around AnC Bio Financials, and Research by South Korean Interns)		
Jay Peak Resort Press Release Announcing Approval of AnC Bio's Private Placement Memorandum	4/1/2015	
Burlington Free Press, "AnC Bio Coming to Newport in May"	4/7/2015	
AnC Bio 2013 Audit Report, Han Wool Accounting Firm	3/27/2014	
Cushman & Wakefield, Appraisal of Real Property	4/8/2015	
Email chain between Ms. Catherine Wentz and Mr. Stenger	2/10/2011	JPI 080674-675 JPI 082107-108
Letter from Mr. Stenger to Ms. Catherine Wentz	5/18/2011	AnC Bio 004177
Frost & Sullivan Strategic Analysis of AnC Bio Products and Services: Evaluating Demand; Final Deliverable	March 2015	
	April 2015	
Frost & Sullivan Strategic Analysis of AnC Bio Products and Services: Evaluating Demand Documents with Links to Online Articles Related to Frost & Sullivan		
Emails Between Vermont EB-5 Regional Center and Primmer Piper Eggleston & Cramer PC		
Letter from Dr. Lee, University of Vermont, to Mr. Brent, Agency of Commerce and Community Development	9/10/2014	
ANC BIO PROJECT FLOW OF FUNDS with Schedule of Exhibits to Support Expenditure Chart		
	7/9/2015	
Jay Peak's Weekly Report to Ms. Moulton, Mr. Kessler, Mr. Raymond, Mr. Pieciak, Mr. Smith		
Email from Mr. Kelly to Mr. Gordon (Forwarding Email from Mr. Choi, AnC Bio Inc. with Attachments)	12/17/2013	

<b>Materials</b>	<b>Date</b>	<b>Bates Number</b>
Various Documents Containing Time Schedules of Commercialization and Construction		SEC-ANCBIO-E-000055-057 WK 000703-705 SEC-NesbittB-000069-071 SEC-ANCBIO-E-000045 SEC-VTACCD-E-0001882 WK 003668-708 WK 006365-367 PW-01228 SEC-NesbittB-P-0000071 SOLARTE 00001032
Testimony Transcripts:		
Burstein, Joel	3/27/2014	
Curry, Michael	2/25/2015	
Gulisano, George	5/15/2014	
Hernandez, Victor	7/23/2014	
Kelly, William	7/24/2014	
Quiros, Ariel	5/22/2014 and 9/22/2015	
Stenger, William	5/21/2014 and 9/17/2015	
Webster, Jacob	5/7/2014	
Whipkey, Heather	5/8/2014	
Testimony Exhibits 1 - 147		
Testimony Exhibit List		

## **Additional Materials Reviewed, cont.**

### **IV. Publicly-Available Information**

Internet search relating to:

Clean room construction costs

Clean room operation costs

Clean room rental costs

Type of clean rooms

Frost & Sullivan

Newport, Vermont

Artificial organs

Information relating to product approvals from [www.fda.com](http://www.fda.com)

Analyst reports regarding medical devices from Thomson Reuters

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### Exhibit C.1 Replication of Original Offering Memorandum's Projected Revenues

*Source: Original Offering Memorandum; Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4.0.xlsx"*

Description	2013	2014	2015	2016	2017	2018	Total
<b>Clean Room Lease, Equipment and Ancillary Services Revenue</b>							
[1] GRAND TOTAL CLEAN ROOM LEASE, EQUIPMENT AND ANCILLARY SERVICE REVENUE	0	0	14,000,040	20,500,080	24,600,072	27,500,016	86,600,208
<b>Stem Cell and Artificial Organ Revenue</b>							
[2] Stem Cell 1 - Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[3] Expected unit sales	0	75	300	1,000	3,000	5,000	
[4] Total Stem Cell 1 Gross Revenue	0	1,500,000	6,000,000	20,000,000	60,000,000	100,000,000	187,500,000
[5] Stem Cell 2 - Unit Price	10,000	10,000	10,000	10,000	10,000	10,000	
[6] Expected unit sales	0	32.5	130	1,000	3,000	5,000	
[7] Total Stem Cell 2 Gross Revenue	0	325,000	1,300,000	10,000,000	30,000,000	50,000,000	91,625,000
[8] GRAND TOTAL STEM CELL REVENUE	0	1,825,000	7,300,000	30,000,000	90,000,000	150,000,000	279,125,000
[9] T-PLS Unit Price	25,000	25,000	25,000	25,000	25,000	25,000	
[10] Expected unit sales	0	7.5	30	100	300	500	
[11] Total T-PLS Gross Revenue	0	187,500	750,000	2,500,000	7,500,000	12,500,000	23,437,500
[12] T-PLS Disposal Unit Price	500	500	500	500	500	500	
[13] Expected unit sales	0	375	1,500	5,000	15,000	25,000	
[14] Total T-PLS Disposal Gross Revenue	0	187,500	750,000	2,500,000	7,500,000	12,500,000	23,437,500
[15] C-PAK Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[16] Expected unit sales	0	0	200	500	800	1,100	
[17] Total C-PAK Gross Revenue	0	0	4,000,000	10,000,000	16,000,000	22,000,000	52,000,000
[18] C-PAK Disposal Unit Price	700	700	700	700	700	700	
[19] Expected unit sales	0	0	20,000	50,000	80,000	110,000	
[20] Total C-PAK Disposal Gross Revenue	0	0	14,000,000	35,000,000	56,000,000	77,000,000	182,000,000
[21] E-LIVER Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[22] Expected unit sales	0	0	30	50	70	90	
[23] Total E-LIVER Gross Revenue	0	0	600,000	1,000,000	1,400,000	1,800,000	4,800,000
[24] E-LIVER Disposal Unit Price	700	700	700	700	700	700	
[25] Expected unit sales	0	0	1,500	2,500	3,500	4,500	
[26] Total E-LIVER Disposal Gross Revenue	0	0	1,050,000	1,750,000	2,450,000	3,150,000	8,400,000
[27] GRAND TOTAL ARTIFICIAL ORGAN REVENUE	0	375,000	21,150,000	52,750,000	90,850,000	128,950,000	294,075,000
[28] GRAND TOTAL STEM CELL AND ARTIFICIAL ORGAN REVENUE	0	2,200,000	28,450,000	82,750,000	180,850,000	278,950,000	573,200,000
[29] TOTAL REVENUE	0	2,200,000	42,450,040	103,250,080	205,450,072	306,450,016	659,800,208

**Notes:**

Yellow highlighting indicates that number has been determined such that the gross revenue is consistent with the numbers in the document.

[4], [7], [11], [14], [17], [20], [23], and [26] are each calculated as the product of price and expected unit sales.

[8] = [4] + [7]

[27] = [11] + [14] + [17] + [20] + [23] + [26]

[28] = [8] + [27]

[29] = [1] + [8] + [27]

All other data from source document.



### Exhibit C.2 Original Offering Memorandum's Projected Revenues Adjusted

Source: Original Offering Memorandum; Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx"; "Time Schedule - Commercialization" PW-01228

Description	2013	2014	2015	2016	2017	2018	Total
<b>Clean Room Lease, Equipment and Ancillary Services Revenue</b>							
[1] GRAND TOTAL CLEAN ROOM LEASE, EQUIPMENT AND ANCILLARY SERVICE REVENUE	0	0	14,000,040	20,500,080	24,600,072	27,500,016	86,600,208
<b>Adjusted Stem Cell and Artificial Organ Revenue</b>							
[2] Stem Cell 1 - Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[3] Adjusted Expected unit sales	0	0	0	0	0	413	
[4] Adjusted Total Stem Cell 1 Gross Revenue	0	0	0	0	0	8,250,000	8,250,000
[5] Stem Cell 2 - Unit Price	10,000	10,000	10,000	10,000	10,000	10,000	
[6] Adjusted Expected unit sales	0	0.0	0	0	0	178.8	
[7] Adjusted Total Stem Cell 2 Gross Revenue	0	0	0	0	0	1,787,500	1,787,500
[8] Adjusted GRAND TOTAL STEM CELL REVENUE	0	0	0	0	0	10,037,500	10,037,500
[9] T-PLS Unit Price	25,000	25,000	25,000	25,000	25,000	25,000	
[10] Adjusted Expected unit sales	0	0	0	7.5	30	100	
[11] Adjusted Total T-PLS Gross Revenue	0	0	0	187,500	750,000	2,500,000	3,437,500
[12] T-PLS Disposal Unit Price	500	500	500	500	500	500	
[13] Adjusted Expected unit sales	0	0	0	375	1,500	5,000	
[14] Adjusted Total T-PLS Disposal Gross Revenue	0	0	0	187,500	750,000	2,500,000	3,437,500
[15] C-PAK Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[16] Adjusted Expected unit sales	0	0	0	0	200	500	
[17] Adjusted Total C-PAK Gross Revenue	0	0	0	0	4,000,000	10,000,000	14,000,000
[18] C-PAK Disposal Unit Price	700	700	700	700	700	700	
[19] Adjusted Expected unit sales	0	0	0	0	20,000	50,000	
[20] Adjusted Total C-PAK Disposal Gross Revenue	0	0	0	0	14,000,000	35,000,000	49,000,000
[21] E-LIVER Unit Price	20,000	20,000	20,000	20,000	20,000	20,000	
[22] Adjusted Expected unit sales	0	0	0	0	30	50	
[23] Adjusted Total E-LIVER Gross Revenue	0	0	0	0	600,000	1,000,000	1,600,000
[24] E-LIVER Disposal Unit Price	700	700	700	700	700	700	
[25] Adjusted Expected unit sales	0	0	0	0	1,500	2,500	
[26] Adjusted Total E-LIVER Disposal Gross Revenue	0	0	0	0	1,050,000	1,750,000	2,800,000
[27] Adjusted GRAND TOTAL ARTIFICIAL ORGAN REVENUE	0	0	0	375,000	21,150,000	52,750,000	74,275,000
[28] Adjusted GRAND TOTAL STEM CELL AND ARTIFICIAL ORGAN REVENUE	0	0	0	375,000	21,150,000	62,787,500	84,312,500
[29] Adjusted TOTAL REVENUE	0	0	14,000,040	20,875,080	45,750,072	90,287,516	170,912,708
[30] Originally Projected TOTAL REVENUE	0	2,200,000	42,450,040	103,250,080	205,450,072	306,450,016	659,800,208
[31] Adjusted/Originally Projected TOTAL REVENUE	N/A	0.0%	33.0%	20.2%	22.3%	29.5%	25.9%
[32] Originally Projected - Adjusted TOTAL REVENUE		2,200,000	28,450,000	82,375,000	159,700,000	216,162,500	488,887,500
[33] PV of [32] as of 1/1/2014 (at 13%)		2,060,489	23,373,567	59,365,386	100,957,349	119,869,453	
[34] Sum of PV's		305,626,244					

**Notes:**

- [3] & [6] The unit sales are adjusted to take into account the delayed launch date of February 2018, 2 years and 3 months after the original launch date of November 2015, and in 2018 a linear extrapolation factor of 11/2 is used.
- [10] & [13] The unit sales are adjusted to take into account the delayed launch date of September 2016, 2 years and 3 months after the original launch date of June 2014.
- [16] & [19] The unit sales are adjusted to take into account the delayed launch date of July 2017, 2 years and 3 months after the original launch date of April 2015.
- [22] & [25] The unit sales are adjusted to take into account the delayed launch date of September 2017, 2 years and 3 months after the original launch date of June 2015.
- [30] From Exhibit C.1 line [29].
- [32] = [30] - [29]
- [33] Based on mid-year discounting to 2014 at 14%.
- See Exhibit C.1. for sources of data.



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**Exhibit D**  
**Jay Peak Bio Versus Industry Peers in 2012 Fiscal Year: Selling, General, and Administrative Expenses (SGA)\***

*Source: Compustat, SEC Filings, Original Offering Memorandum*  
(\$ in millions)

[1]	[2]	[3]	[4]=[3]/[2]
Company Name	Total Revenue	SGA	SGA/ Total Revenue
1. INC Research Holdings Inc	\$868.60	\$109.43	12.6%
2. Albany Molecular Research Inc	\$226.69	\$40.41	17.8%
3. Charles River Laboratories International Inc	\$1,129.53	\$206.88	18.3%
4. PRA Health Sciences Inc	\$699.74	\$160.20	22.9%
5. Bioanalytical Systems Inc	\$28.21	\$9.33	33.1%
6. Metabolix Inc	\$42.32	\$14.11	33.3%
7. Senomyx Inc	\$31.31	\$11.62	37.1%
8. Luna Innovations Inc	\$32.35	\$12.27	37.9%
9. SurModics Inc	\$51.93	\$27.66	53.3%
10. Transgenomic Inc	\$31.48	\$24.51	77.9%
11. NanoString Technologies Inc	\$22.97	\$27.12	118.1%
<b>Jay Peak Bio - Original Offering Memorandum:</b>			
2015	\$42.45	\$2.95	6.9%
2016	\$103.25	\$3.46	3.3%
2017	\$205.45	\$4.30	2.1%
2018	\$306.45	\$5.13	1.7%
Average			3.515%

**Notes:**

\* For Jay Peak Bio data from Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081. For industry peers data from Compustat or SEC filings. Industry peers are firms with historical 5-digit NAICS of 54171, total revenue between \$20 million and \$1.5 billion, and headquarters in the USA. Industry peers sorted based on values in column [4].

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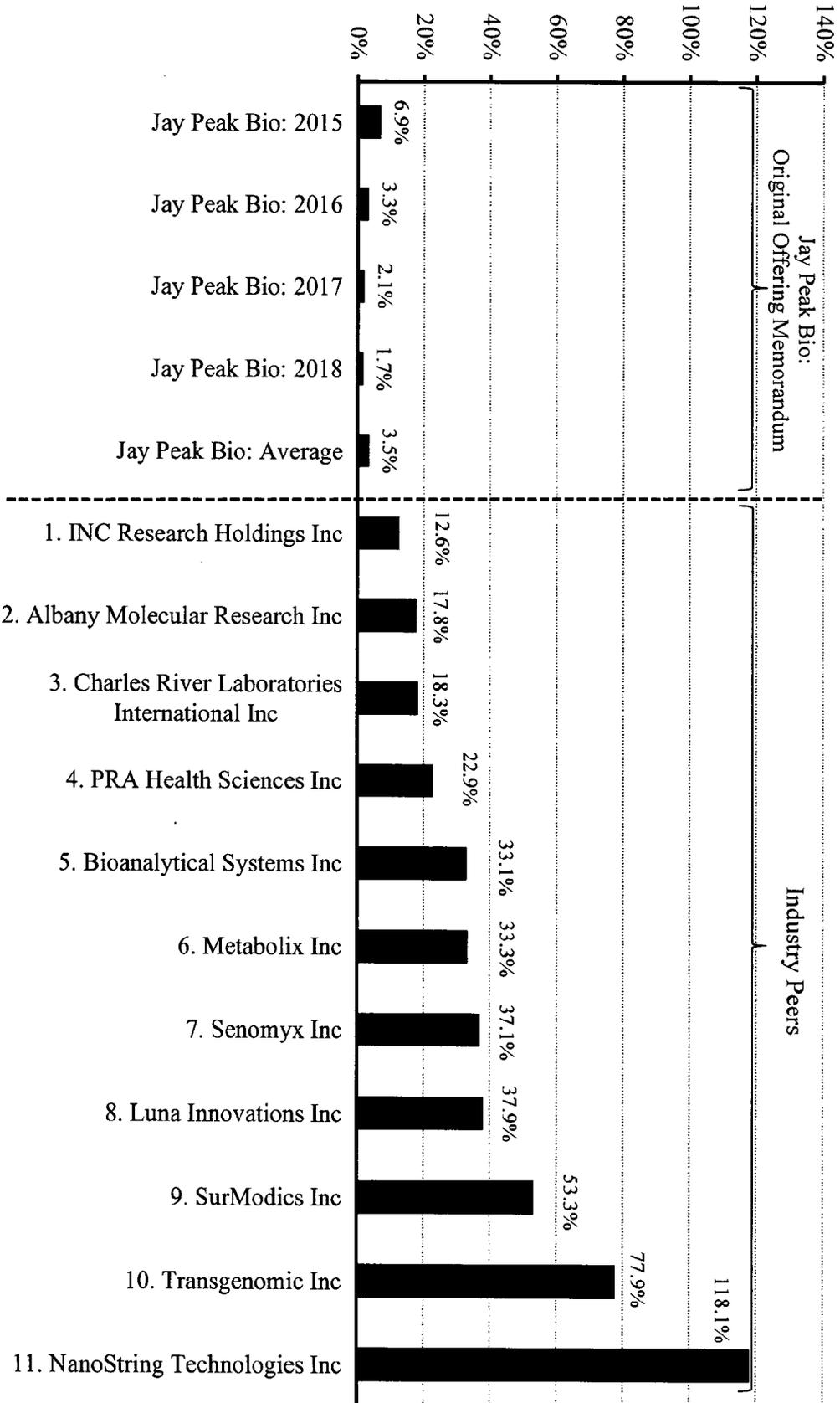
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## Exhibit D-1

# Jay Peak Bio Versus Industry Peers in 2012 Fiscal Year: Selling, General, and Administrative Expenses / Total Revenue

*Source: Original Offering Memorandum, Compustat, SEC Filings*



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**Exhibit E**  
**Jay Peak Bio Versus Industry Peers in 2012 Fiscal Year: Income (Loss) Before Tax  
and Depreciation (EBITDA)\***

*Source: Compustat, SEC Filings, Original Offering Memorandum*  
(\$ in millions)

[1] Company Name	[2] Total Revenue	[3] EBITDA	[4]=[3]/[2] EBITDA/ Total Revenue
1. SurModics Inc	\$51.93	\$19.78	38.1%
2. Charles River Laboratories International Inc	\$1,129.53	\$253.16	22.4%
3. Albany Molecular Research Inc	\$226.69	\$31.79	14.0%
4. Metabolix Inc	\$42.32	\$5.82	13.8%
5. PRA Health Sciences Inc	\$699.74	\$78.31	11.2%
6. INC Research Holdings Inc	\$868.60	\$82.53	9.5%
7. Luna Innovations Inc	\$32.35	-\$0.09	-0.3%
8. Bioanalytical Systems Inc	\$28.21	-\$0.22	-0.8%
9. Senomyx Inc	\$31.31	-\$6.46	-20.6%
10. Transgenomic Inc	\$31.48	-\$7.30	-23.2%
11. NanoString Technologies Inc	\$22.97	-\$14.56	-63.4%
<b>Jay Peak Bio - Original Offering Memorandum:</b>			
2015	\$42.45	\$20.83	49.1%
2016	\$103.25	\$46.72	45.2%
2017	\$205.45	\$87.55	42.6%
2018	\$306.45	\$127.19	41.5%
Average			44.6%

**Notes:**

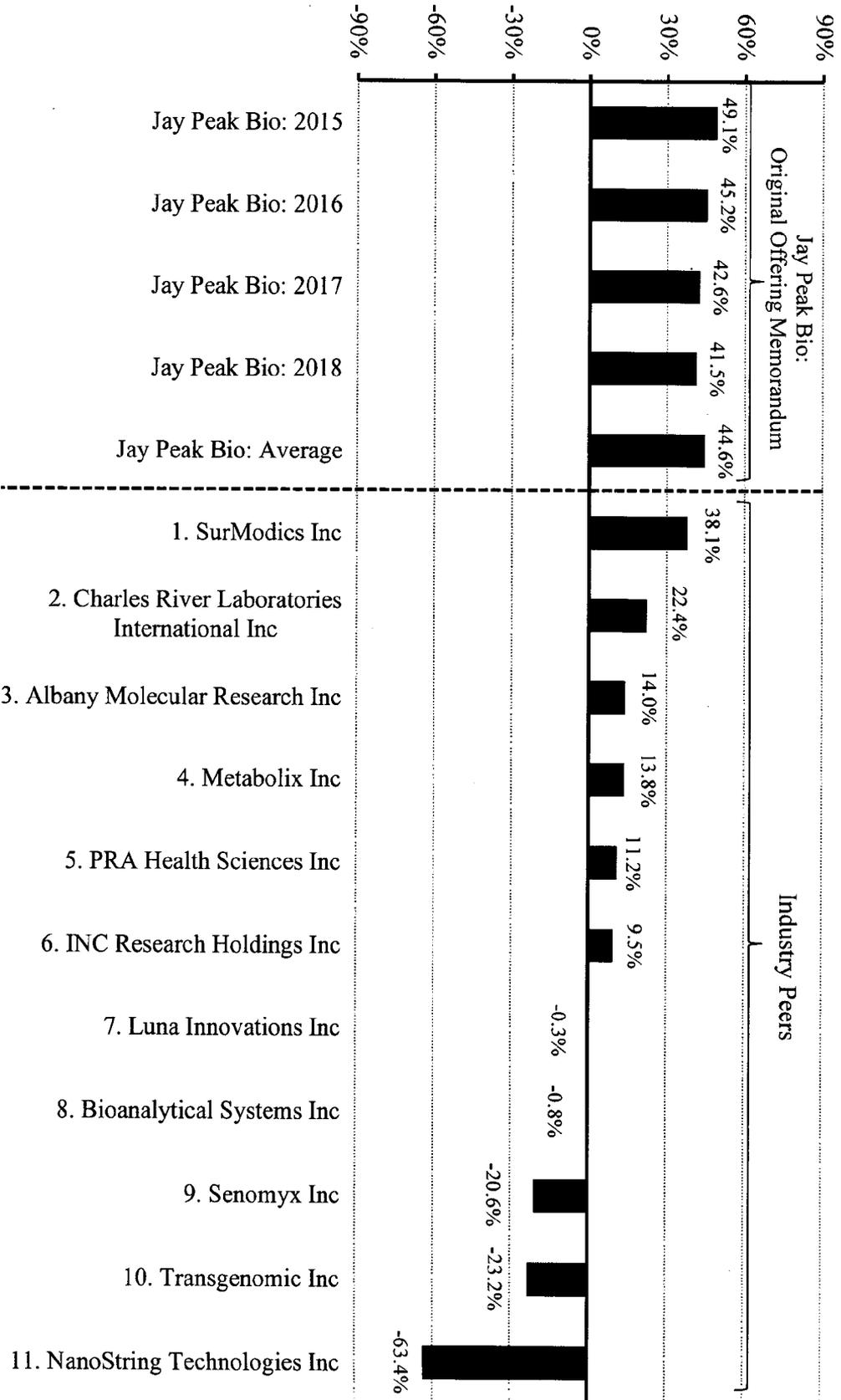
\* For Jay Peak Bio data from Original Offering Memorandum, Section 2, p. 22, AnC Bio 000081. For industry peers data from Compustat or SEC filings. Industry peers are firms with historical 5-digit NAICS of 54171, total revenue between \$20 million and \$1.5 billion, and headquarters in the USA. Industry peers sorted based on values in column [4].



## Exhibit E-1

# Jay Peak Bio Versus Industry Peers in 2012 Fiscal Year: EBITDA / Total Revenue

Source: Original Offering Memorandum, Compustat, SEC Filings





## Exhibit F.1 Replication of Revised Offering Memorandum's Projected Revenues

*Source: Revised Offering Memorandum; Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4.0.xlsx"*

Description	2016	2017	2018	2019	2020	Total
<b>Clean Room Lease, Equipment and Ancillary Services Revenue</b>						
[1] GRAND TOTAL CLEAN ROOM LEASE, EQUIPMENT AND ANCILLARY SERVICE REVENUE	0	32,000,040	32,000,040	32,000,040	32,000,040	128,000,160
<b>Stem Cell and Artificial Organ Revenue</b>						
[2] Stem Cell 1 - Unit Price	20,000	20,000	20,000	20,000	20,000	
[3] Expected unit sales	75	300	1,000	3,000	5,000	
[4] Total Stem Cell 1 Gross Revenue	1,500,000	6,000,000	20,000,000	60,000,000	100,000,000	187,500,000
[5] Stem Cell 2 - Unit Price	10,000	10,000	10,000	10,000	10,000	
[6] Expected unit sales	32.5	130	1,000	3,000	5,000	
[7] Total Stem Cell 2 Gross Revenue	325,000	1,300,000	10,000,000	30,000,000	50,000,000	91,625,000
[8] GRAND TOTAL STEM CELL REVENUE	1,825,000	7,300,000	30,000,000	90,000,000	150,000,000	279,125,000
[9] T-PLS Unit Price	25,000	25,000	25,000	25,000	25,000	
[10] Expected unit sales	7.5	30	100	300	500	
[11] Total T-PLS Gross Revenue	187,500	750,000	2,500,000	7,500,000	12,500,000	23,437,500
[12] T-PLS Disposal Unit Price	500	500	500	500	500	
[13] Expected unit sales	375	1,500	5,000	15,000	25,000	
[14] Total T-PLS Disposal Gross Revenue	187,500	750,000	2,500,000	7,500,000	12,500,000	23,437,500
[15] C-PAK Unit Price	20,000	20,000	20,000	20,000	20,000	
[16] Expected unit sales	0	200	500	800	1,100	
[17] Total C-PAK Gross Revenue	0	4,000,000	10,000,000	16,000,000	22,000,000	52,000,000
[18] C-PAK Disposal Unit Price	700	700	700	700	700	
[19] Expected unit sales	0	20,000	50,000	80,000	110,000	
[20] Total C-PAK Disposal Gross Revenue	0	14,000,000	35,000,000	56,000,000	77,000,000	182,000,000
[21] E-LIVER Unit Price	20,000	20,000	20,000	20,000	20,000	
[22] Expected unit sales	0	30	50	70	90	
[23] Total E-LIVER Gross Revenue	0	600,000	1,000,000	1,400,000	1,800,000	4,800,000
[24] E-LIVER Disposal Unit Price	700	700	700	700	700	
[25] Expected unit sales	0	1,500	2,500	3,500	4,500	
[26] Total E-LIVER Disposal Gross Revenue	0	1,050,000	1,750,000	2,450,000	3,150,000	8,400,000
[27] GRAND TOTAL ARTIFICIAL ORGAN REVENUE	375,000	21,150,000	52,750,000	90,850,000	128,950,000	294,075,000
[28] GRAND TOTAL STEM CELL AND ARTIFICIAL ORGAN REVENUE	2,200,000	28,450,000	82,750,000	180,850,000	278,950,000	573,200,000
[29] TOTAL REVENUE	2,200,000	60,450,040	114,750,040	212,850,040	310,950,040	701,200,160

**Notes:**

Yellow highlighting indicates that number has been determined such that the gross revenue is consistent with the numbers in the document.

[4], [7], [11], [14], [17], [20], [23], and [26] are each calculated as the product of price and expected unit sales.

[8] = [4] + [7]

[27] = [11] + [14] + [17] + [20] + [23] + [26]

[28] = [8] + [27]

[29] = [1] + [8] + [27]

All other data from source document.



### Exhibit F.2 Adjusted Projected Revenue

*Source: Email from G. Gulisano to A. Quiros, B. Kelly, and B. Stenger dated 5/31/2012, 3:38 PM with attachment "ANC Bio Vt LLC Projections 2013-2018 ver 4 0.xlsx"; Letter to Patricia Moulton from Bill Stenger dated 1/8/2015, "Time Schedule – Commercialization"; Revised Offering Memorandum*

Description	2016	2017	2018	2019	2020	Total
<b>Clean Room Lease, Equipment and Ancillary Services Revenue</b>						
[1] <b>GRAND TOTAL CLEAN ROOM LEASE, EQUIPMENT AND ANCILLARY SERVICE REVENUE</b>	0	32,000,040	32,000,040	32,000,040	32,000,040	128,000,160
<b>Adjusted Stem Cell and Artificial Organ Revenue</b>						
[2] Stem Cell 1 - Unit Price	20,000	20,000	20,000	20,000	20,000	
[3] Adjusted Expected unit sales	0	0	75	300	1,000	
[4] Adjusted Total Stem Cell 1 Gross Revenue	0	0	1,500,000	6,000,000	20,000,000	27,500,000
[5] Stem Cell 2 - Unit Price	10,000	10,000	10,000	10,000	10,000	
[6] Adjusted Expected unit sales	0	0	32.5	130	1,000	
[7] Adjusted Total Stem Cell 2 Gross Revenue	0	0	325,000	1,300,000	10,000,000	11,625,000
[8] <b>Adjusted GRAND TOTAL STEM CELL REVENUE</b>	0	0	1,825,000	7,300,000	30,000,000	39,125,000
[9] T-PLS Unit Price	25,000	25,000	25,000	25,000	25,000	
[10] Adjusted Expected unit sales	0	8.8	30	100	300	
[11] Adjusted Total T-PLS Gross Revenue	0	218,750	750,000	2,500,000	7,500,000	10,968,750
[12] T-PLS Disposal Unit Price	500	500	500	500	500	
[13] Adjusted Expected unit sales	0	438	1,500	5,000	15,000	
[14] Adjusted Total T-PLS Disposal Gross Revenue	0	218,750	750,000	2,500,000	7,500,000	10,968,750
[15] C-PAK Unit Price	20,000	20,000	20,000	20,000	20,000	
[16] Adjusted Expected unit sales	0	0	200	500	800	
[17] Adjusted Total C-PAK Gross Revenue	0	0	4,000,000	10,000,000	16,000,000	30,000,000
[18] C-PAK Disposal Unit Price	700	700	700	700	700	
[19] Adjusted Expected unit sales	0	0	20,000	50,000	80,000	
[20] Adjusted Total C-PAK Disposal Gross Revenue	0	0	14,000,000	35,000,000	56,000,000	105,000,000
[21] E-LIVER Unit Price	20,000	20,000	20,000	20,000	20,000	
[22] Adjusted Expected unit sales	0	0	30	50	70	
[23] Adjusted Total E-LIVER Gross Revenue	0	0	600,000	1,000,000	1,400,000	3,000,000
[24] E-LIVER Disposal Unit Price	700	700	700	700	700	
[25] Adjusted Expected unit sales	0	0	1,500	2,500	3,500	
[26] Adjusted Total E-LIVER Disposal Gross Revenue	0	0	1,050,000	1,750,000	2,450,000	5,250,000
[27] <b>Adjusted GRAND TOTAL ARTIFICIAL ORGAN REVENUE</b>	0	437,500	21,150,000	52,750,000	90,850,000	165,187,500
[28] <b>Adjusted GRAND TOTAL STEM CELL AND ARTIFICIAL ORGAN REVENUE</b>	0	437,500	22,975,000	60,050,000	120,850,000	204,312,500
[29] <b>Adjusted TOTAL REVENUE</b>	0	32,437,540	54,975,040	92,050,040	152,850,040	332,312,660
[30] <b>Originally Projected TOTAL REVENUE</b>	2,200,000	60,450,040	114,750,040	212,850,040	310,950,040	701,200,160
[31] <b>Adjusted/Originally Projected TOTAL REVENUE</b>	0.0%	53.7%	47.9%	43.2%	49.2%	47.4%
[32] Originally Projected - Adjusted TOTAL REVENUE	2,200,000	28,012,500	59,775,000	120,800,000	158,100,000	368,887,500
[33] PV of [32] as of 1/1/2014 (at 13%)	2,060,489	23,014,132	43,078,191	76,365,984	87,671,823	
[34] <b>Sum of PV's</b>	232,190,619					

**Notes:**

- [3] & [6] The unit sales are adjusted to take into account the forecasted FDA approval date of October 2018 and launching of the products in the market in November 2018.
  - [10] & [13] The unit sales are adjusted to take into account the forecasted FDA approval date of May 2017 and launching of the product in the market in June 2017, and in 2017 a linear extrapolation factor of 7/6 is used.
  - [16] & [19] The unit sales are adjusted to take into account the forecasted FDA approval date of March 2018 and launching of the product in the market in April 2018.
  - [22] & [25] The unit sales are adjusted to take into account the forecasted FDA approval date of May 2018 and launching of the product in the market in June 2018.
  - [30] From Exhibit F.1 line [29].
  - [32] = [30] - [29]
  - [33] Based on mid-year discounting to 2016 at 14%.
- See Exhibit F.1. for sources of data.

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**Exhibit G**  
**Jay Peak Bio Versus Industry Peers in 2014 Fiscal Year: Selling, General, and Administrative Expenses (SGA)\***

*Source: Compustat, SEC Filings, Revised Offering Memorandum*  
(\$ in millions)

[1]	[2]	[3]	[4]=[3]/[2]
Company Name	Total Revenue	SGA	SGA/ Total Revenue
1. INC Research Holdings Inc	\$1,178.80	\$145.14	12.3%
2. PRA Health Sciences Inc	\$1,459.59	\$243.31	16.7%
3. Charles River Laboratories International Inc	\$1,297.66	\$250.00	19.3%
4. Bioanalytical Systems Inc	\$24.58	\$7.25	29.5%
5. Senomyx Inc	\$27.66	\$12.58	45.5%
6. SurModics Inc	\$57.44	\$29.93	52.1%
7. Luna Innovations Inc	\$21.26	\$11.73	55.2%
<b>Jay Peak Bio - Revised Offering Memorandum:</b>			
2017	\$60.45	\$2.24	3.7%
2018	\$114.75	\$2.67	2.3%
2019	\$212.85	\$3.27	1.5%
2020	\$310.95	\$3.86	1.2%
Average			2.2%

**Notes:**

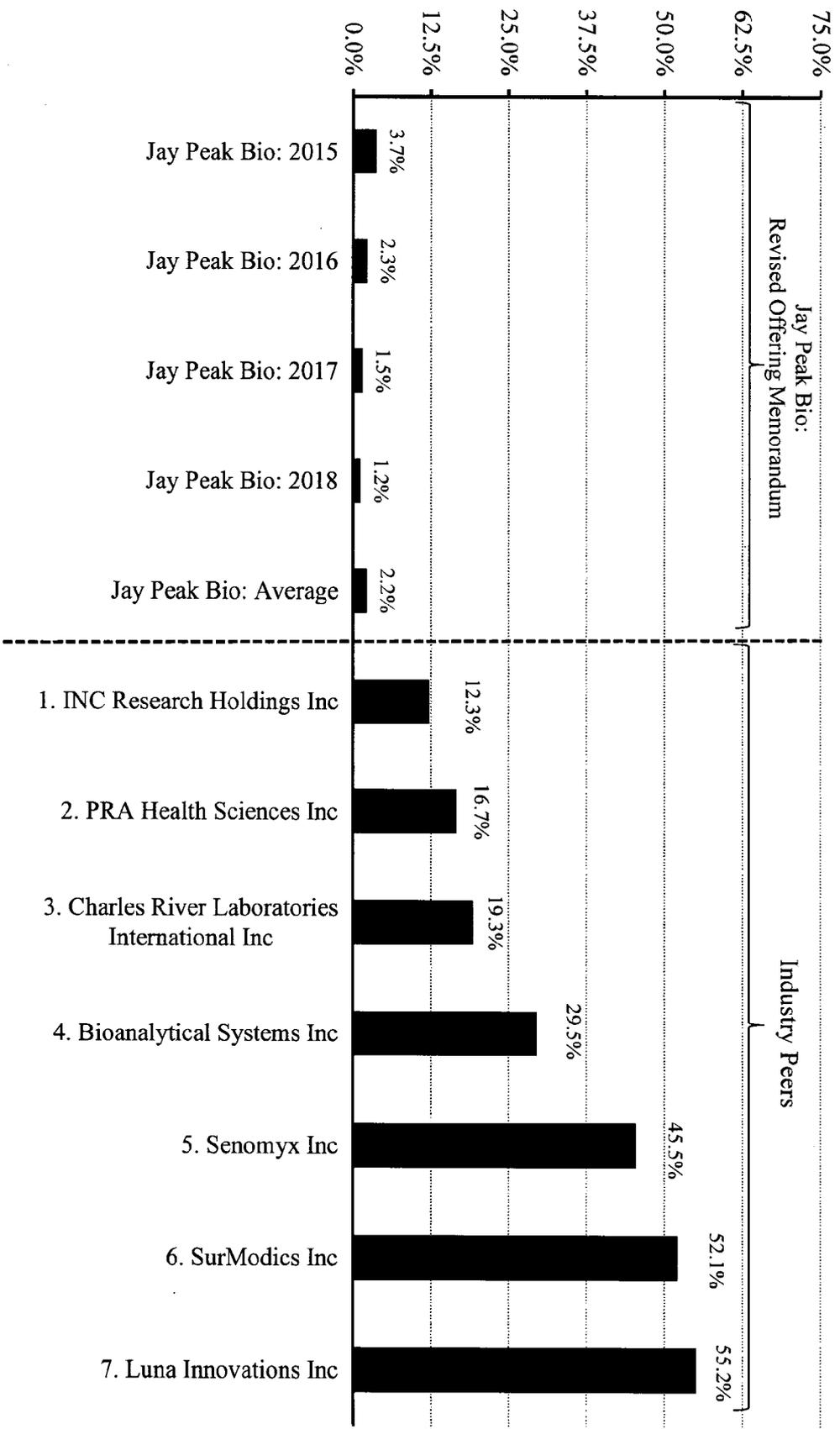
\* For Jay Peak Bio data from Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762. For industry peers data from Compustat or SEC filings. Industry peers are firms with historical 5-digit NAICS of 54171, total revenue between \$20 million and \$1.5 billion, and headquarters in the USA. Industry peers sorted based on values in column [4].



## Exhibit G-1

### Jay Peak Bio Versus Industry Peers in 2014 Fiscal Year: Selling, General, and Administrative Expenses / Total Revenue

*Source: Revised Offering Memorandum, Compustat, SEC Filings*



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**Exhibit H**  
**Jay Peak Bio Versus Industry Peers in 2014 Fiscal Year: Income (Loss) Before Tax**  
**and Depreciation (EBITDA)\***

*Source: Compustat, SEC Filings, Revised Offering Memorandum*  
(\$ in millions)

[1]	[2]	[3]	[4]=[3]/[2]
Company Name	Total Revenue	EBITDA	EBITDA/ Total Revenue
1. SurModics Inc	\$57.44	\$22.21	38.7%
2. Charles River Laboratories International Inc	\$1,297.66	\$291.00	22.4%
3. INC Research Holdings Inc	\$1,178.80	\$150.44	12.8%
4. PRA Health Sciences Inc	\$1,459.59	\$164.14	11.2%
5. Bioanalytical Systems Inc	\$24.58	\$2.30	9.3%
6. Luna Innovations Inc	\$21.26	-\$3.90	-18.3%
7. Senomyx Inc	\$27.66	-\$9.95	-36.0%
<b>Jay Peak Bio - Revised Offering Memorandum:</b>			
2017	\$60.45	\$24.10	39.9%
2018	\$114.75	\$43.92	38.3%
2019	\$212.85	\$81.88	38.5%
2020	\$310.95	\$119.87	38.5%
Average			38.8%

**Notes:**

\* For Jay Peak Bio data from Revised Offering Memorandum, Section 2, p. 28, AnC Bio 006762. For industry peers data from Compustat or SEC filings. Industry peers are firms with historical 5-digit NAICS of 54171, total revenue between \$20 million and \$1.5 billion, and headquarters in the USA. Industry peers sorted based on values in column [4].

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## Exhibit H-1

# Jay Peak Bio Versus Industry Peers in 2014 Fiscal Year: EBITDA / Total Revenue

Source: Revised Offering Memorandum, Compustat, SEC Filings

