

Citron Reports on UniPixel: (NASDAQ:UNXL)

Fool me once, shame on you ...

Fool me twice, shame on me ...

Fool me as many times as UniPixel has? ... Only on Wall Street!

For all of you who just bought the secondary on UniPixel -- you should have researched this "dog" before you committed your money.

Just last week we were told :

"The preferred price and capacity model we've implemented, starting with our major PC manufacturer licensee, enables us to build out capacity **without requiring financing that would involve equity dilution or debt**, and thereby enhancing shareholder value"

*Reed Killion,
CEO of UniPixel.*

A month ago we were told on a conference call:

"We believe our existing capital resources are adequate to finance our operations through at least the end of 2013 as we continue to make prudent use of these resources as well as begin to generate revenue from the recently announced preferred price capacity agreement for UniBoss with our major PC maker. Our ability to leverage partner infrastructure **without diluting shareholders or giving up equity in the company** has been a part of our executive team strategy on building shareholder value."

*Reed Killion,
CEO of UniPixel.*

UniPixel has been a hotly debated topic. We can't help but chime in. But instead of going technical specs we are going to post a UniPixel for Dummies within the context of 20 years of market knowledge combined with a dash of common sense.

Here is what we are supposed to believe:

At the time UniBoss was pitched to industry participants as a viable ITO alternative, UniPixel had a grand total of 10 employees and no part-time employees.

<http://www.secinfo.com/d11MXs.rsju.d.htm#1stPage>

In an announcement in May of 2010, "UniPixel is currently scaling up the process for full scale production and plans to have pilot production quantities of UniBoss available by Q3'10" <http://www.youtube.com/watch?v=cLFXggIbjBE>

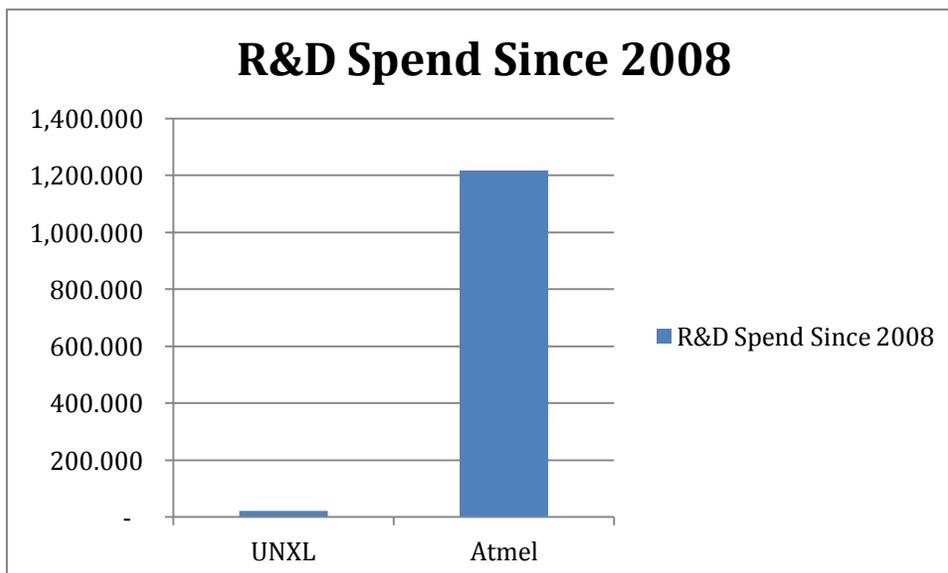


Research and Development ?

You don't have to be a silicon valley guru to know that transformative technologies cost a lot of money to invent and make commercial ready -- unless you are UniPixel.

Effectively, the total research spending that went into developing UniBoss prior to its unveiling appears largely negligible per the Company's regulatory filings. In the years 2010, 2011 and 2012, UniPixel spent 2.5 million, 4.5 million and 5.1 million on research and development; that figure is further split between UniBoss and the much hyped "Diamond Guard". By our estimation, **the total research spending that went into UniBoss likely did not exceed \$10 mil. ...this to create a product that is supposed to generate close to 50% margins.**

To illustrate how stupid this story really is just look at the chart below comparing UniPixel to Atmel, their competitor in touch sensor manufacturing.



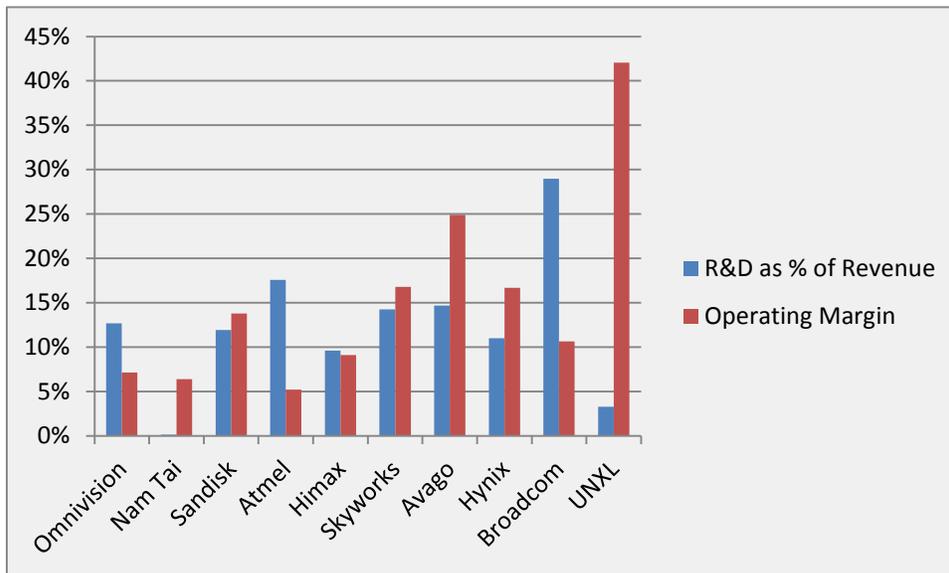
So in order to believe the Unipixel story we must look beyond the R&D and believe the rest of the nonsense that has been spewed.



The electronics component supply chain is ultra competitive and incredibly fast-moving. Successful companies often have a binary choice to make:

- 1) compete on superior proprietary technology that is gained only through years and hundreds of millions of dollars spent on research and development, or
- 2) compete on the basis of efficient, high volume manufacturing.

Below we compare the R&D spend as a % of Revenues vs. the Operating Profit Margins of the various publicly traded electronic subcomponent manufacturers: Because UniPixel does not have revenue, we used their forward revenue “projection” from Williams Financial:



Source: Bloomberg data using Trailing Twelve Months. UNXL data based on Williams Financial Group 2014 projections.

So lets get this straight. A product that was first unveiled 3 years ago somehow went unnoticed by everyone in the tech community. The technology did not just go unnoticed when it first came out three years ago; as recent as August of 2012, four months before the pivotal mysterious multi-million dollar OEM deal was announced, UniPixel was raising 12 million dollars at a 50 million dollar valuation. Nobody was excited about either the technology or the prospect of investing in the company over the past 3 years. No VC fund, no OEM....NO ONE.... Just a lonely OTC company.

They get \$5 million from an unknown PC maker for computers that are supposed to hit the market in August that are being made in this facility. We don't know who the PC maker is and what terms of the agreement are.

They then sign a deal with an "ecosystem" partner with even less details. This is a "multi million dollar preferred price and capacity license" (again no details)

And then they sign a manufacturing and supply agreement with Kodak with even less details than the previous two agreements. Bulls can hang their hat on this claim that it validates the manufacturing capability, and bears can say that this is no more than UniPixel renting space from Kodak and paying them money for manufacturing.

All of this fits within the company's well-worn pattern of being long on hype and short on details.

While the market cheered the "partnership" between UniPixel and Kodak and viewed it as further validation to its technology, the reality raises glaring questions. Before signing the new manufacturing partnership with Kodak, UniPixel's management had been adamant about its ability to ramp up production at its own printing facility and the plating facility the Company leased with Cybershield. The question investors seem to be missing is why involving another party to double the production when the revenue roadmap from the ecosystem partner is entirely unclear. UniPixel management repeatedly emphasizes the need to ramp up production as if the Company has a world of backlog in revenue when in fact no concrete contracts have been signed to deliver products. (We've only been getting agreement after agreement after agreement).

To further dissect the Kodak relationship, UniPixel management seems to have employed the exact same tactic in signing the Kodak partnership – high on hype, low on details. The terms of the supposed deal are again left up to the imagination of analysts and investors. Of course, as in the other deals, despite no real details, within hours, Cody Acree of Williams Financial supposedly had all the relevant info. What we are to believe is that Kodak, a bankrupt company, is recreating itself as a company by sponsoring the production of UniBoss in a joint-venture like fashion by committing some or all of the \$24 million to build out the facility. A simple online search reveals more details about the Eastman Business Park where the facility is to be located. What was once a hub of Kodak activity, has since become a hollowed-out campus which Kodak is actively trying to find tenants for. In fact, the very building #326 where the UniPixel facility is to be located was being actively shown to prospective tenants.

[Building 326 - Office Space Available | Manufacturing/Laboratory/Office/ Storage Availability | Eastman Business Park: Office](#)

So what analysts and investors may want to call a "joint venture" which validates the UniBoss technology, may just be a standard landlord-tenant agreement with a

commercial arrangement, all paid for by UniPixel, and a deal that is likely available to a number of other start-up companies who want to be located in Rochester:
http://www.eastmanbusinesspark.com/startup_manufacturing.php
[http://www.kodak.com/ek/US/en/Landing_Pages/Coating amp Testing Services.htm](http://www.kodak.com/ek/US/en/Landing_Pages/Coating_amp_Testing_Services.htm)



Questionable Insiders and Stock Promoters

We will start with the current chairman Bernard Marren. Bernard is also the CEO of OPTI – currently trading at 66 cents. He’s previously he was the CEO of another public company that went bankrupt after big promises of revolutionary technology called Western Micro Technologies. His other disclosed relationship includes Director of Infocus -- (taken private for pennies) and Director of Mondowave -- sold to a pink sheet company now trades at .01

<http://edgar.sec.gov/Archives/edgar/data/715842/0000950008-97-000234.txt>

Martin Selbrede is the Chief Science Officer of UniPixel as well as a geo-centrist. Yes that means that the sun revolves around the earth...we couldn’t make this up if we tried

<http://www.galileowaswrong.com/galileowaswrong/>
<http://investing.businessweek.com/research/stocks/people/person.asp?personId=23062018&ticker=UNXL&previousCapId=20503361&previousTitle=UNI-PIXEL%20INC>

UniPixel’s current CFO Jeff Tomz is also the CFO of a past fraud Isolagen Inc. Also named in the lawsuit is the former chairman of UniPixel Frank DeLape; Mr.DeLape was also the chairman of Isolagen and a major shareholder with over 8% stake in Isolagen.

http://www.blbgllaw.com/cases/00035_data/IsolagenFirstCorrectedConsClassActionCplt-9.29.06.pdf

Robert Petcavich is the SVP and CTO of UNXL. He also founded Planet Biopharmaceuticals and was the SVP and CTO of Lumera. Other positions include VP of Deposition Technologies, CEO of Alphascribe Express, Planet Polymer Technologies, Molecular Reflections, Polytronix, Alife Medical, Ionic Oil. He was also the Director of Carbon Nanoprobes. His antics were so notorious, they were discussed in an article in the LA Times

http://articles.latimes.com/1992-09-29/business/fi-138_1_degradable-plastics-society

Needless to say this is not the first go around for UniPixel and their crazy stories.



Diamond Guard = Broken Promises

Despite their abject failure of Diamond Guard in 2011, UNXL brazenly tried again in 2012. Hoping that a new calendar year would make investors forget all about their broken promises in 2011, during the 4Q 2011 earnings call, Reed Killion again promises significant Diamond Guard revenues:

"We anticipate shipping initial commercial quantities of Diamond Guard by the end of the first quarter with a production and distribution partner, and foresee multiple design wins for Diamond Guard in the second quarter."

*Reed Killion,
CEO of UniPixel.*

Reed Killion qualifies it further by stating:

"Several major electronic OEMs and ODMs are evaluating testing Diamond Guard films produced from our in-house production runs. Some evaluations have advanced to the submission of purchase orders for test piloting purposes, and we expect to begin production level shipments in late May and June."

*Reed Killion,
CEO of UniPixel*

Revenues of \$70,560 in the second quarter of 2012 were "real," but we wouldn't characterize them as significant. Revenues of \$0 in the third quarter of 2012 are really nonexistent.



Before Diamond Guard it was TMOS.

UNXL's initial claim to fame was its TMOS technology for flat panel displays. It promised to provide better image quality over LCD and OLED displays while being up to 60% cheaper to manufacture than LCD's. UNXL claimed TMOS consisted of just 6 layers, compared to 15 for plasma and 30 for LCDs, and that it only took 12 steps to manufacture versus 128 steps for an LCD. Essentially TMOS was cheaper, faster, and better than the existing technology. These claims sound suspiciously similar to their current claims on UniBoss.

In fact, a simple search into past filings shows UNXL used the same exact playbook on TMOS as they are now on UniBoss. Like UniBoss, TMOS was a simpler process that claimed to give you superior performance at half the cost.. They also had patents! Unlike with UniBoss where they only have 2 issued patents, UNXL had 31 issued patents for TMOS along with 4 allowed and 82 pending patent applications.

Just like with UniBoss, UNXL signed up agreements with blue chip partners. This time, it was Samsung, which they announced back in February 2009.

Like with all their past stories, UNXL's promises led to nothing. In an interview March 19, 2007, UNXL promised "to have the display in a television application by the fourth quarter." No product utilizing TMOS was ever introduced. What about the development agreement with Samsung? Nothing ever came of it.

What about all the patents they had? UNXL sold them to Rambus in May 2010 for less than \$2.5 million.



But Williams Financial says...

On Wednesday the stock got a boost from main Cheerleader Cody Acree of Williams Financial. Cody Acree was previously the CEO of Unleashed Indoor Dog Park. The irony of Unleashed Indoor Dog Park rests beyond the fact that Cody has moved on from breeding dogs to recommending dogs to investors. **The Dog Park was also a 10 million dollar project that lasted a grand total of 14 months from Feb 2009 to June 2010.**

<http://www.bizjournals.com/dallas/stories/2008/12/22/story11.html?page=all>

Which means that Cody spent more on the dog park that UniPixel spent developing UniBoss!



Send in the clowns...

All the time management has been overly concerned about stock price to the point of association with stock promoters and consistently having meetings and calls regarding stock. Here are some of the promoters we have identified with UniPixel:



Tobin Smith – Founder of NBT Equities Research “emerging growth stocks that work”.

- Promoted MIMV, VELA, PSON, PLSB, GLYE, LUXR, UNXL

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NY Times Best Selling Author
Founder ChangeWave Research

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emerging growth stocks that work

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- NBT is also a promote shop for hire: Very possible that UNXL paid for the services. <http://www.nbtequitiesresearch.com/node/279>

Citron is 3 Wins, 0 Losses going against Tobin Smith with: IPA ZROS and EMKR- and 2 of the 3 are BK and EMKR is down 90% **Nice Job Tobin!**



Louis Basense- Agora publisher

<http://www.agora-inc.com/louis-basense>

<http://www.techandinnovationdaily.com/2013/02/27/uni-pixel-touchscreen-technology/>

Citron has been on the other side of MANY Agora promotions -- and we are pleased to say that we are undefeated: GDVE GMXX LENF XSNX

Not only are we undefeated -- not one of those stocks still trades ... Every one is BK!

This is like the Harlem Globetrotters vs the Washington Generals



Institutional Ownership? Really?

As for Wellington having filed for an ownership stake? We can't just get too excited. We just remind long term Citron readers of one of our epic battle in Imergent (AMEX:IIG) where Wellington was **the company's largest shareholder**. The stock went from \$30 to its current share price of \$2.5. Sorry Wellington.



Conclusion:

Citron could go on and on about the technology and the space, but we do not want to you waste your time or our time on a company that has a history of delivering nothing but empty promises. No need for anyone to respond -- JUST DELIVER PROFITS, or shhhhhhh.

Cautious Investing To All