



JULY 29, 2010
INITIATING COVERAGE
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COMPETITIVE TECHNOLOGIES INC. (AMEX: CTT)

INDUSTRY: BUSINESS SERVICES

DISCLOSURES: 1, 10

**RATING: BUY
RISK: HIGH**

CLOSING PRICE 07/28/10	TRAILING P/E (TTM)	SHARES OUT (MILS.)	MARKET CAP (MILS.)	3-5 YEAR REV. GROWTH	PRICE TARGET
\$2.05	NM	11.1	\$22.8	N/A	\$3.50

ANNUAL DATA – JULY YEAR END			
	2009A	2010E	2011E
EPS	\$ (0.39)	\$ (0.25)	\$ (0.06)
P/E	N/M	N/M	N/M
REVENUE (MIL.)	\$0.3	\$1.9	\$5.1
P/S	75.9	12.0	4.5

EARNINGS					
	Q1	Q2	Q3	Q4	ANNUAL
2011E	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.06)
2010E	\$ (0.08)	\$ (0.07)	\$ (0.07)	\$ (0.03)	\$ (0.25)
2009A	\$ (0.12)	\$ (0.11)	\$ (0.09)	\$ (0.08)	\$(0.39)
2008A	\$ (0.32)	\$ (0.16)	\$ (0.12)	\$ (0.13)	\$(0.73)

INVESTMENT SYNOPSIS

We are initiating coverage of Competitive Technologies Inc. with a —BUY recommendation for several reasons:

1. CTT’s new Calmare Pain Therapy Treatment is addressing essentially the “throw-away” market in the pain treatment arena...patients that are facing virtually no satisfactory salvation to their battle with discomfort.
2. Already the device has FDA and CE Mark (EU Registration) so that the “CTT” may be marketed here and in Europe.
3. Sales are ramping here and abroad and despite the threat of “Obamacare,” this kind of product and treatment should get payment by families—even if it is cash savings—because of the relief that it brings to the afflicted.

In a nutshell...

Competitive Technologies has chosen (using a “low hanging fruit” analogy, if you will) to pursue the Chemotherapy Induced Peripheral Neuropathy (CIPN) market because it is large, the patients pain is near-unbearable, they are essentially “salvage treatment” or a treatment of last resort population, and all have essentially demonstrated to pay cash for their pain management therapies. In essence, they are truly desperate people who don’t want to suffer their last agonizing days on earth in insufferable agony. The Calmare Therapy Treatment can be a critical part of the palliative care that these poor souls receive. It is an easy decision by both the family and the attending physician to prescribe. Hence, this should be the one market that ought to be easiest to broach in this dynamic “payer” environment.

We believe that CTT shares should be recommended for accounts seeking capital appreciation and who can tolerate businessmen’s risk. We have targeted that their value should approach \$3.50 per share, or up 70% from their current level during the short-term. This appreciation gain is due to the year-out improvement in the Company’s forecasted sales due to the greater acceptance of their MC-5A Calmare Pain Therapy Treatment and a much greater and focused effort to increase sales.

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OPENING PREAMBLE

Pain is pain: It's as simple as that. And when one has to suffer pain, all else in that life does not matter. In my years working at various, low level hospital jobs, we learned the measure of a patient's demeanor by how they stood-up under the agony of true discomfort. It was the "Acid Test" of personal grace under fire, if you will.

Some people have an incredible ability to endure pain or are trained to bear pain and discomfort such as the brutal and intolerable situation that Senator John McCain endured in the Viet Nam POW camp. No matter what one's political persuasion, we should all admire his stamina and patriotism while undergoing the ordeal of torture and confinement. Others wither and give-up under similar brutality, and outsiders should understand and empathize more with their suffering.

Then there are the enumerable cases of medical pain that are unending, unbearable, unrelenting agonizing hurt—every bit as excruciating as McCain's torture but often eternal. Accidents, trauma, post-surgery, back-strain, births, oncologic, neuropathic... the sources are numerous and varied.

Let me tell you, I've had only really one (well, actually two) very brief, but horrific bouts with excruciating pain and both were tied to the passing of kidney stones. Amazingly, both bouts were tied with my very first real experiences with true, pain drugs. The first time it was delivered intravenously, and I could physically feel—and enjoy—the relief wash over me—from my upper right arm to my lower left toe—as the drugs took effect. Ah! Drugs!...One could certainly understand why they are addictive.

Unfortunately, there are those folks who are really wounded or sick where the pain is so unstopable that drugs just don't help. I mean real pain, even so extreme that its "marijuana unstopable," (which is really just a euphemistic description, since I don't believe in the therapy, but I am using this extreme medicinal treatment to make a point.) There is a "pain market" in the USA and around the world that is still so large that it boggles the mind: a population approaching 15 million, chronic pain patients just in the USA alone. It includes sufferers like soldiers that have lost a limb and are suffering from "phantom limb" pain, patients with shingles (Ouch!!!), diabetics with neuropathy, some patients undergoing chemotherapy and untreatable abominable cancer...to name just a few examples.



CTT's Calmare MC-5A Pain Treatment seems to provide "new hope" to a large number of pain sufferers with a different approach for neutralizing the pain signal to the brain. This treatment seems well timed to immediately energize the financial future of the Company since 1) it addresses an entirely unmet (or wholly unrealized) need by patients suffering from neuropathic pain (as compared to nociceptive pain); 2) a single series of pain treatments using CTT's new Calmare therapy approach seems to extinguish neuropathic pain symptoms in 80% of the patients who have been treated; 3) the CTT advanced system appears to be economically reasonable as outpatient treatments as currently priced, and well received by the market; and 4) the new therapy does not seem to have any side effects or problems that opioids have or new side-effects that would cause difficulties for the treated patients or CTT down the road.

CTT reports that in pain clinics located both here and abroad (where we can substantiate reports as to acceptance) that the new pain therapy device—the Calmare MC-5A—seems to be well received and patient treatment schedules are practically filled to capacity where the device has been in use for any period of operation. We are also informed that it's a lack of a greater installed equipment base that is limiting the use of

the MC-5A on patients in the US. That wider applicability and acceptability would be possible if the machine had greater distribution. The economics for pain clinics are quite good with each \$58,000 machine generating roughly \$300,000 of gross revenues at a \$150 per patient treatment hour and a full treatment schedule.

To this last point and the limited Company revenue line, CTT has just started to employ a Vice President of Sales & Marketing (March) and hired sales reps at the beginning of 2010 to start expanding the product's penetration. We believe that sales and service agreements for the new device should quickly turn the Company's fortunes and help foster the business during the short- to intermediate term.

INVESTMENT RECOMMENDATION

COMPANY BACKGROUND AND TECHNOLOGY TRANSFER STRATEGY

Competitive Technologies, Inc. is striving to become a global "middle-man" betwixt very smart and innovative people with patented or licensed technologies and world markets that need those technologies. The Company's client base includes academic institutions, corporations, inventors and patent or intellectual property (IP) holders from whom the Company obtains the rights or licenses for their intellectual property, or the products. The task then is to properly develop and directly channel the right sales efforts to best broach new markets with these technologically distinctive products thus making a real and meaningful difference. Too often bright thinkers or inventors believe that just having the right invention is wholly sufficient and the market will "beat a path to their door." Though that may have been the case in the first decades of the 20th century, it is no longer is true.

Hence, a new product or Intellectual Property Holder hires CTT to finish developing the new item and identify the right markets in which to sell, or distribute the inventor's technology or product. CTT has or develops relationships with those who, in turn, have a use or need for the new technology or product.

CTT earns revenue two ways from this distribution activity: 1) licensing fees derived from proprietary or client-owned technologies to customer licensees; and 2) sharing in the profits of product sales. The Company only works with prospective clients demonstrating technologies and products where a working prototype or finished product exists for evaluation purposes.

This business model requires CTT to engage in a virtually continuous pursuit of new sources of revenue opportunities due to the lengthy lead times necessary to identify, refine, market and sell its prospective technologies. It often takes two or more years for a technology to produce significant revenue. Since inception, the Company has licensed nearly 500 technologies to and from corporations, leading universities, and IP from two "inventors" including two Nobel Prize winners. As a sign of this "models" success, CTT has generated to date over \$100 million in shared technology revenues with academic research institutions and universities.

CTT management believes it is able to maximize the commercialization potential for its client's intellectual property by accelerating the time to market, leveraging its global network of distributors, manufacturers and inventors, and offering customized licensing programs.

To date, CTT has targeted technology transfer strategy targets within the following market segments:

- **Life Sciences** (including pharmaceuticals, biomedical devices, biotechnology, and clinical diagnostics)
- **Physical Sciences** (including materials, manufacturing and environmental technologies)
- **Digital/Electronic Technologies** (including Internet services, telecommunications and digital entertainment)
- **Nanotechnologies** (Nano Devices, Nano Tools, Nano Materials and Nano Biology)

•**OTHER TECHNOLOGIES UNDER DEVELOPMENT**

Currently, in addition to the Calmare MC-5A, CTT has acquired the rights to a number of technologies that are in development for commercialization, several of which are subject to testing, clinical trials and approvals. These include:

Nanotechnology bone cement biomaterial with a broad range of potential applications including dental, spinal and other bone related applications. The product was exclusively licensed to Soteira Inc. for human spinal applications.

Breast cancer test involving a non-invasive device that generates an analysis that detects angiogenesis using adhesive pads embedded with hundreds of thermistors (micro-thermometers) that measure areas of greater heat concentration.

Sunless tanning agent that involves a skin-pigment enhancer being researched as a skin cancer preventative and therapeutic for vitiligo, albinism and psoriasis, exclusively licensed to Clinuvel Pharmaceuticals, Ltd. (Australia).

Lupus diagnostic and monitoring technology, a cost-effective scalable testing platform used to detect and monitor the autoimmune disease, Lupus.

Encryption technology that operates at high speeds with low memory requirements to secure applications used on the Internet, telecommunications, smart cards and e-commerce.

Video and audio signal processing technology licensed in the Motion Picture Electronics Group visual patent portfolio pool (MPEG 4 Visual) and used in streaming video products for personal computers and wireless devices, including mobile phones.

Radio alert warning system, a low powered dual-mode transmitter capable of short-range interruption of commercial radio broadcasting with a message alerting of an emergency situation.

Structural steel fissure detection paint contains a built-in, self-activating, crack-indicating or warning capability effective coincident with application of the paint to the structure, and requiring minimum training for its use.

2007'S BIG STRIKE: THE CALMARE MC-5A PAIN MANAGEMENT SYSTEM

The most promising of the Company's "adopted" technologies is its new pain therapy system. Given the size of the market and the crying need for new, meaningful advances, this could become the major driver of the Company's revenues for several years to come.

CTT Gains Full Rights To Distribute/Sell Calmare Pain Management System...

CTT obtained exclusive, worldwide, distribution rights to the innovative pain management therapy device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. The device uses patented "Scrambler Therapy" technology developed in Italy by Professor Giuseppe Marineo and brought to CTT through the efforts of the Italian business development group, Sviluppo Lazio S.p.A.

Very simply, this scrambler therapy approach to treating neuropathic pain works by sending a signal to the brain—somewhat likened to the radio signal to your garage door opener that is a complex combination of several signals over a main carrier signal, but not like a major shock-treatment signal that is one, dominant overpowering, surge signal that might be more likened to that of the TENS unit signal: One is confusing the brain

and is essentially teaching the brain that this new, “masked” signal is the alright sign and nothing is wrong; the other is sending out a signal to short-out or block the pain receptors.

Mode of Action of the Calmare MC-5A

Here is the more precise approach to the Scrambler Therapy approach: It utilizes a biophysical— rather than a biochemical approach—using a multi-processor device to simultaneously treat up to five pain areas concurrently. The approach capitalizes on the central nervous system's “C-fibers” to rearrange and eliminate the patient's pain signals as received by the brain, whereas previous “electro-analgesia” methods have utilized the more tactile nerve fibers to block pain. C-fiber pathways transmit slower, chronic pain signals within the central nervous system.

During a Calmare Treatment Therapy (CTT), surface electrodes are applied to the patient’s skin—similar to skin electrodes used for an EKG—in order to deliver a low-current, five milliamp electrical signal to either side of the pain site via the skin. The MC-5A device features five independent channels, allowing five separate areas to be treated simultaneously. Sixteen proprietary electrical impulse algorithms are pre-programmed into the MC-5A system, targeting the body’s C-fiber pathway, which will stop the pain during treatment, and provide on-going pain control and relief through subsequent treatments.

The electrodes serve as artificial neurons, signaling to the brain “non-pain” and “self” information, essentially modifying the pain message instead of blocking signals as with other methods. The brain interprets the altered signal as an “all is well” sign — relieving the pain sensations for up to one year, or more, after the full course of treatments.

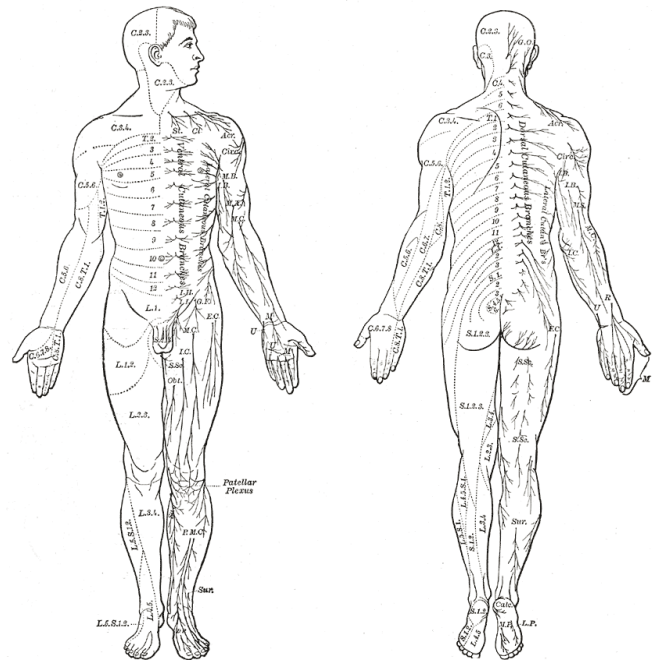
Patients typically receive ten-to-twelve 45 minute treatments over roughly a two week period. The electrodes are placed on the skin, rather than directly on the pain area, along the conduction pathway (dermatome) for the affected area. The intensity of the electric stimulus used to modulate and transmit the system's “non-pain” information varies from patient to patient, with the patient generally administered the maximum intensity bearable without pain or discomfort.

The provider continues treatment only if the reported pain disappears immediately and completely after initial application of electrical stimulus. This condition indicates that the appropriate nerve pathway(s) has (have) been identified, or, in the case of partial relief, that no feeling of discomfort has been reported. In the case of neuropathies, medium term relapses can be remedied by initiating another treatment cycle.

Exclusion criteria for the Calmare Therapy

Treatment includes those patients using pacemakers, who have had a neurolithic blockage of celiac plexus, those who have had other neurolesive pain control treatments and/or users of anti-convulsive drugs.

Exhibit 2: Distribution of Cutaneous Nerves, Dorsal and Ventral Aspects



Source: Gray's Anatomy of the Human Body, 20th Edition

The Calmare Treatment Therapy is considerably different from the once more popular, yet controversial transcutaneous electrical nerve stimulation or TENS pain treatments. This is where electrodes (the same sticky patches) are attached to the skin, and more powerful electrical impulses are delivered to underlying nerve fibers. The difference in the amperage is fairly substantial: the Calmare uses roughly 5m μ compared to the TENS which can use electrical power that ranges up to 100 to 150 m μ . The electrical impulse firing works to assist in reducing the pain two ways:

First is through endorphins. The body has its own biochemical mechanisms for suppressing pain. It releases these natural chemicals called endorphins in the brain, which act as pain relieving biosuppressants to help reduce the mental agony of the pain “felt.” TENS units can activate this mechanism.

Secondly, the electrical stimulation of the nerve fibers through the electrodes can actually block a pain signal from being carried all the way to the brain in the first place. If it is blocked, the pain is not “felt.”

The problem is that TENS units have been around for over 30 years and their benefit is still under considerable question. While some specialists and patients believe that TENS are the ultimate answer, many believe that the units are only a step or two above “ground chicken bones, batwings and potions.” The real answer lies, in fact, that there is still an incredibly large, unmet market and need by sufferers.

Pain Overview

First “class” (I can just hear in the background, “Yes, Sister Mary Elephant!”), we need to define pain and break the kind of pain into its two categories: Pain is defined as an unpleasant sensory or emotional experience associated with actual or potential tissue damage, or described in terms of such damage¹. Pain can be categorized two ways based on causation. Physical injuries subjected to tissues like muscle, ligaments, organs and bones cause “nociceptive” pain. Nociceptive pain resulting from the physical activation of pain receptors due to tissue damage, such as when one twists their ankle, steps on a piece of glass or burns a finger.

The other category of pain is Neuropathic pain (NeP), or “nerve pain,” results from an injury or damage to the nerve itself, thereby causing abnormal nociceptive pathway signaling. In other words, instead of acting as a signaling device regarding a tissue injury, the peripheral or central nervous system is “short-circuiting” or “malfunctioning”, becoming the *source* of the pain itself. Neuropathic pain sufferers often describe sensations of burning or coldness, “pins and needles,” or numbness and/or itching.

While NeP may be short-term, the condition is more often a chronic problem (may be experienced for more than one year in duration) for the subject, requiring nearly continuous interventional therapy. Further, the condition tends to respond poorly to standard conventional pain therapies (drugs) and the pain often intensifies over time with disabling consequences.

•The Market for Pain Therapeutics

More than 11 million patients in the U.S. report some sort of pain as a significant malady, leading to approximately \$26 billion dollars in spending for drugs and devices in the pain management industry². Despite these staggering expenditures, roughly 10%-to-30% of patients that experience severe pain report inadequate control of symptoms that can be disabling and lead to substantially reduced quality of life.

The objective of pain management is to improve the subject’s ability to function, enabling the individual to work, attend school, or participate in ordinary and everyday activities. When treating chronic pain, the typical course of treatment starts with oral painkillers and analgesics, like acetaminophen and non-steroidal anti-inflammatory agents (NSAIDs)—such as naproxen sodium, ibuprofen, and ketoprofen. These medications

¹ “Part III: Pain Terms, A Current List with Definitions and Notes on Usage” (pp 209-214) Classification of Chronic Pain, Second Edition, IASP Task Force on Taxonomy, edited by H. Merskey and N. Bogduk, IASP Press, Seattle, © 1994

² “The World Market for Pain Management Drugs and Devices”, 2nd Edition; Kalorama Information, December 2006

reduce inflammation and typically relieve pain, particularly asymptomatic to arthritis, tendinitis, nerve injury, mild-to-moderate cancer pain and other forms of chronic pain.

For moderate-to-severe symptoms, the treatment regimen generally includes stronger pain relief medications, such as anticonvulsants (e.g. Lyrica, Neurontin and Tegretol), anti-depressants (Elavil, Norpramin and Cymbalta), topical skin creams/gels (Zostrix) and skin patches (Lidoderm and Lidopain).

Severe chronic pain generally requires more serious intervention often including administration of narcotic pain medications like codeine, fentanyl, morphine and oxycodone. Furthermore, these medications can be administered in combination with other therapies like anti-depressants and anti-convulsants, which enables the doctors to offset and reduce the dosage of the narcotics.

Absent adequate control of symptoms using the aforementioned treatment modalities, physicians often turn to more targeted procedures like the use of nerve blocks, radiofrequency ablation, transcutaneous electrical nerve stimulation (TENS), trigger-point injections, spinal cord stimulation and intrathecal pumps. These are typically “fallback therapies” that are employed when more traditional treatments fail to adequately control pain symptoms.

Despite the wide array of pain management modalities, for a substantial patient population these methods very often prove ineffective. CTT targets a sub-segment of this patient population, who are suffering with chronic, severe neuropathic and/or oncologic pain.

If one screens down through the various stages of therapies outlined above, we estimate the U.S. total available market for prospective CTT patients at between 5 million and 10 million each year (see our formulation for an estimate to the right.) This takes into consideration patients experiencing essentially untreatable chronic CIPN and neuropathic pain that are getting virtually little or no relief from most all of the above described therapies. The global market is likely one to two orders of magnitude larger - suggesting a total patient population in the 10 million to 20 million subject range. To be held to a point figure patient population in the U.S. might approach 7.5 million suffering from chronic neuropathic pain.

Indication	Est. Patient Population (US)	Est. Potential US Candidates for CTT
Cancer (0) ¹	11 million	500,000
Chronic Back Pain ²	15 million	1.5 million
Sciatica ²	3.3 million	660,000
Post-surgical Neuropathic Pain ³	7.6 million	1.5 million
Phantom Limb Syndrome ⁴	1.7 million	500,000
Shingles ⁵	1 million	200,000
Diabetic Neuropathy ⁶	20 million	2.5 million

¹<http://www.cancer.org/Cancer/CancerBasics/cancer-prevalence>
²<http://emedicine.medscape.com/article/1144130-overview>
³<http://www3.interscience.wiley.com/cgi-bin/fulltext/119877545/PDFST/>
⁴<http://www.oandp.org/publications/jop/2005/2005-39.asp>
⁵<http://emedicine.medscape.com/article/218683-overview>
⁶http://www.neuropathy.org/site/PageServer?pagename=About_Facts

•STUDY RESULTS DEMONSTRATE HIGH DEGREE OF EFFICACY

CTT’s Calmare MC-5A has been used to successfully treat more than 3,000 patients worldwide in both academic and commercial settings providing a promising, early glimpse into the potential for the Company’s device. In addition, the MC-5A has demonstrated strong efficacy in a limited number of other studies outside the 510k trial requirements. The following is an overview of a number of those research investigations.

University of Rome Tor Vergata (2003-2004): Eleven terminal cancer patients, who were suffering from elevated, drug-resistant visceral pain (3 pancreas, 4 colon, 4 gastric) were studied. The trial followed the patients through the first ten treatment sessions, although the patients subsequently received treatment until death. The endpoint was to record pain measures and the duration and usage of analgesia before and after the trial.

All subjects reacted positively to the treatment throughout the trial period. Pain intensity showed a significant decrease (P<0.001), accompanied by a gradual rise both in the pain threshold and the duration of analgesia. Nine (81.8%) of the patients suspended pain-killers within the first five applications, while the remaining two

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Introductory Report

(18.2%) considerably reduced the dosage taken prior to “scrambler” therapy. No undesirable side effects were observed.

A second study at the same University examined 33 cancer patients suffering from severe drug resistant pain. Ten treatments were administered once per day; treatments were extended beyond the initial sessions as needed to achieve substantial pain reductions. No undesirable side effects were reported; during the applications, all patients reported a rapid disappearance of the perception of pain, which was prolonged post-treatment as the number of sessions increased. Seventy-two percent of patients (n=24) reported eliminating the use of painkillers; the other twenty-eight percent (n=9) were able to substantially reduce the intake of pain killers.

University of Rome Tor Vergata (2004): 226 subjects suffering from severe neuropathic pain arising from a host of origins including failed back surgery syndrome, sciatic and lumbar pain; post-herpetic neuralgia (shingles), trigeminal neuralgia, post-surgical nerve lesion neuropathy, low-back pain and other un-specific sources were studied. Pain intensity was measured using VAS before and after treatment using the paired *t*-test.

Total results showed that 80.9% of responders experienced pain relief >50%, 10.1% experienced partial relief (pain relief of from 25%-to-49%) and 9.7% experienced pain reduction of less than 24% or had an ending VAS >3.

Studies done in the U.S. tend to support the encouraging results detailed above.

Massey Cancer Center, Virginia Commonwealth University; Richmond, Virginia. Sixteen patients (4 men, 12 women), off chemotherapy and experiencing VAS >5 with chemotherapy-induced peripheral neuropathy (CIPN) were evaluated and treated with MC-5A.

Subjects received one hour interventions daily for ten working days. The primary goal, achieving a 20% reduction in VAS scores after day 10, was achieved in 15/16 patients. The primary endpoint of CIPN pain score fell by 59% from day one to day ten; four patients experienced VAS scores reduced to zero, indicating a complete elimination of pain perceptions. Further studies are underway to evaluate the mechanism of action, the duration of benefit and the optimal treatment schedule.

Informal, less-rigorous analysis of “Scrambler Technology” remains underway in several clinical settings with anecdotal findings presented at the recently-held American Society of Clinical Oncology (ASCO) conference. Preliminary reports were demonstrated pain relief in subjects evaluated by the Boston Foundation for Sight at Harvard Medical School and the University of Miami Pain Center. Further studies are planned to more fully characterize the procedure, including better understanding the mode of action, refine the listing of appropriate clinical indications and the optimal treatment modalities.

MARKET STRATEGY

The method is marketed in the US as Calmare® Pain Therapy Treatment (Calmare) and has demonstrated efficacy in treating certain types of visceral, neuropathic and oncologic pain. While it may sound like a delicious Mediterranean appetizer, in Italian, the word "calmare" means quite literally "to calm or soothe." The device has earned the European CE mark certification which allows it to be distributed and sold throughout Europe, and makes it eligible for approval for distribution and sales in multiple global markets. Additionally, the device received U.S. FDA 510(k) marketing clearance in February 2009, opening the door for patient treatments across the states.

Doctors at a major, U.S. Military Medical Center refer to it as TEMPR – Transcutaneous Electrical Modulation Pain Reprocessor. At last reporting, they have taken great interest in extending the therapy to many of the wounded and chronically in pain soldiers recovering from battle injuries.

The Company has exclusive rights to market the device in the U.S. with the exception of two limited distribution agreements. Calmare Pain Relief, LLC, a company formed to provide medical equipment and other related services to physician practices offering Calmare Therapy Treatments to patients; they will supply the MC-5A units to physicians in selected US cities. Our understanding is that this is run by a Rhode Island physician and the doctor not only operates his own “pain center” clinic in Rhode Island and has opened another facility in Florida, but trains other physicians and their technicians with the treatment process and assists them to launch their own practices. We understand the R.I. facility is operating at capacity and helping enumerable pain patients.

Further, the Company has granted exclusive rights to Native Energy & Economic Development, LLC for certain government agencies including the Department of Veterans Affairs, Indian Health Service, and the Department of Defense. At this point, we understand from the Company the VA seems very interested in acquiring a number of the machines. See more in the [Recent Developments](#) section of this Report.

Offshore sales of MC-5As will be handled through distribution agreements signed with Life Epistème srl, of Italy, covering the greater portion of Europe, Asia, the Middle East, Africa and South America. This relationship has accounted for the greatest number of units sold to date and investors should not be surprised by the machines’ successes given the latitude of use. With the CE mark, there is really rather broad ability to market the device across Europe and given its mode of operation and applicability to address the neuropathic, CIPN and visceral cancer pain patients, the rate of adoption should be increasing.

By way of operating background, GEOMC Co., Ltd. of Korea manufactures the device commercially for worldwide distribution.

To start, CTT entered into an exclusive U.S. distribution agreement in July, 2009 with Innovative Medical Therapies, which led to negligible sales, and the agreement was recently cancelled. At that point, CTT started building its own internal sales organization with its own sales and marketing executives in place to coordinate and oversee the activities of several contract commission sales representatives. Management intends to cover the US with a total of about 20 representatives.

Furthermore, CTT has arranged a leasing arrangement with Americorp Financial, LLC. to assist with the financing of the purchase of MC-5A units by physicians and pain clinics. Americorp provides 24 to 60 month lease terms to hospitals, clinics and medical practices. Under these terms, the Company will receive the full sales price of the unit in payment while Americorp carries the lease over the term of the lease.

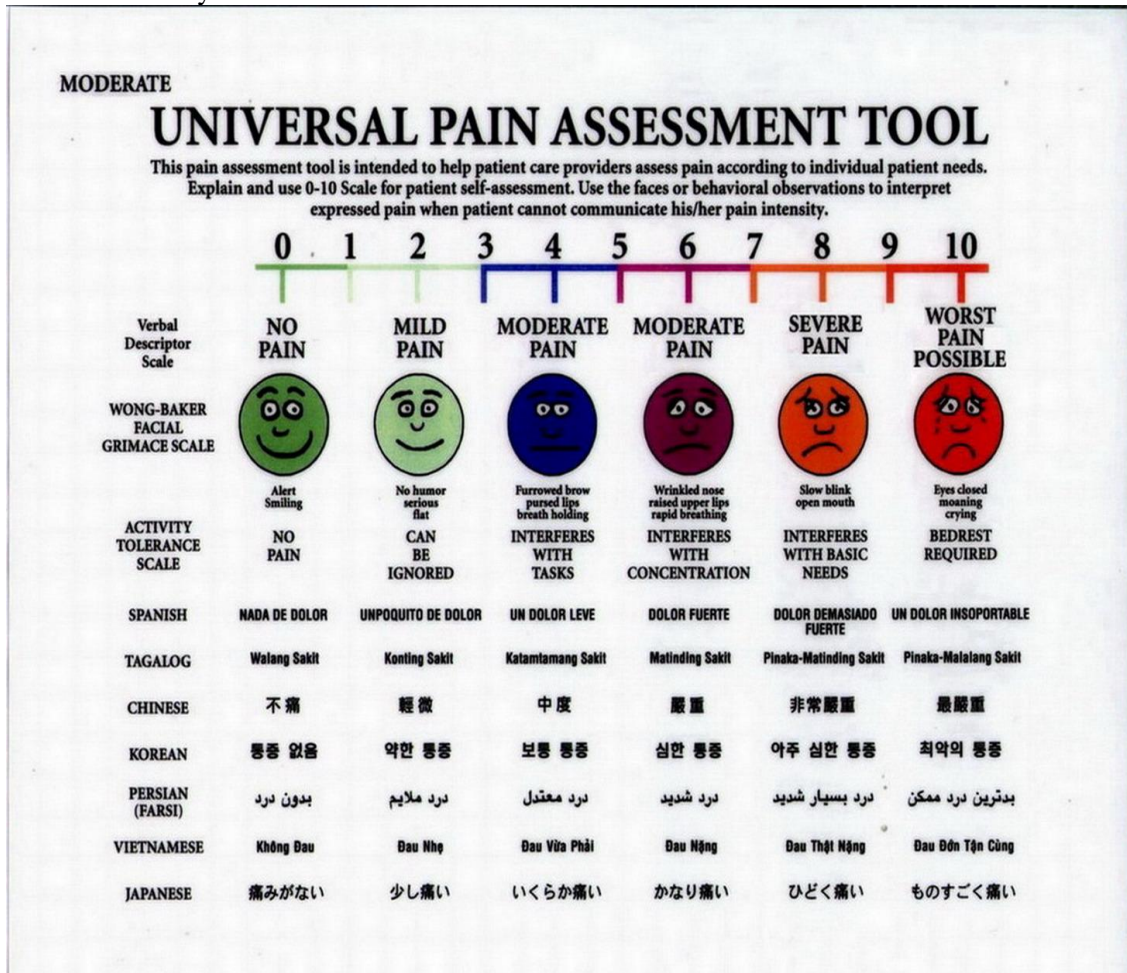
•TREATMENT INDICATIONS TARGETED BY CTT

Therapy with the MC-5A device has proven highly effective with specific patient populations experiencing severe pain (visual analog scale, or VAS >7) but who have been unresponsive or inadequately responsive to pharmaceutical treatment, TENS and implantable devices. This includes subjects experiencing neuropathic pain and CIPN, or visceral oncologic pain.

Visual Analog Scale: A simple tool used by clinicians to help patients rate the intensity of pain. The scale is a straight line with zero at one end, indicating "no pain", and a ten at the other end, meaning the "worst pain imaginable".

We’ve included a copy of the VAS Scale for readers to have a better understanding of the measurement tools that clinicians use to help them determine the level of pain a patient is suffering. As one can tell, it’s a pretty rough “guestimate” of the agony experienced. Likewise anyone, who has fallen off a bike, smashed their finger hard with a hammer or thirty pound rock or suffered a kidney stone (or given birth), has to a large extent felt the

range of the scale. The point here is in the 8.5 to 10 range, a patient is willing to hand-over all their possessions and give-up their children to stop the pain. If a machine with treatments can “halve” the level of agony, it’s a therapy that will certainly find a market that will come to be treated.



Specific oncologic indications are detailed in the table below with the Calmare Therapy already demonstrating efficacy with many of the specified maladies included in the list:

Exhibit 4: Oncologic Pain Indications

Pancreatic	Colon
Gastric	Ovarian
Cervical	Lung
Colorectal	Bladder
Prostate	Kidney
Rectal	Liver
Uterine	Gall Bladder
Laryngeal	Esophageal
Source; Company documents	

The prevalence of neuropathic pain in the US is roughly 1.5%³, nearly one in 167, or about 2 million subjects. The most common etiologies are diabetic neuropathy and post-herpetic neuralgia (shingles) pain subjects.

Chemotherapy-induced peripheral neuropathy (CIPN) results when chemotherapies used in cancer treatment cause damage to the peripheral nervous system. Symptoms include pain, burning, tingling, and can limit the subjects’ mobility and quality of life. Severe cases can cause more serious problems such as changes in heart rate, blood pressure, difficulty breathing, paralysis or possibly organ failure.

³ “TNF-α and neuropathic pain - a review”, <http://www.jneuroinflammation.com/content/7/1/27>

The Company has chosen (using a “low hanging fruit” analogy, if you will) to pursue the CIPN market because it is large, the patients pain is near-unbearable, they are essentially “salvage treatment” or a treatment of last resort population and all have essentially demonstrated to pay cash for their pain management therapies. In essence, they are truly desperate people who don’t want to suffer their last agonizing days on earth in insufferable agony. The Calmare Therapy Treatment can be part of the palliative care that these souls receive and it is an easy decision by both the family and the attending physician to prescribe. Hence, this should be the one market that ought to be easiest to broach in this dynamic “payer” environment.

With the new sales team and leader, increasing user data showing effectiveness, both the FDA and CE-Mark indicating regulatory acceptance and the trials demonstrating efficacy, the MC-5A equipment is ready to show a much stronger trajectory of growth over the next 6-months and several year time-frame.

RECENT DEVELOPMENTS AND EVENTS

July 21, 2010 - Competitive Technologies Announces that NYSE AMEX has Postponed Delisting Hearing.

The NYSE Amex (the Exchange) has indefinitely postponed the delisting hearing previously scheduled for July 22, 2010, pending review of the final completion of CTT's sale of two million shares of CTT common stock to Crisnic Fund. CTT anticipates that the final closing of the fund raise will occur shortly.

July 14, 2010 – CTT to Complete Fund Raise to Support Increased Sales of its Calmare® Pain Therapy Treatment. The Company announced that the Securities Exchange Commission (SEC) has declared its recent S-1 Registration Statement effective permitting CTT to proceed with its sale of two million shares of CTT common stock to Crisnic Fund.

June 14, 2010 – Veterans Administration Grants Vendor Status to Competitive Technologies for Sales of Calmare® Pain Therapy. The Department of Veterans Affairs' Federal Supply Schedule Service has accepted CTT's application to be an approved vendor for its Calmare® Pain Therapy Treatment. This decision will enable CTT to sell Calmare Pain Therapy equipment to physicians throughout the Federal government, with the expectation of significant sales in that market sector, which includes the Department of Veterans Affairs, the Department of Defense, the Indian Health Service, the Bureau of Prisons, and State Veteran Homes.

June 4, 2010 - Competitive Technologies' Calmare® Pain Therapy Treatment to Treat Patients at Walter Reed Army Medical Center. Walter Reed Army Medical Center in Washington, D.C., has joined the growing list of organizations that will treat pain patients with CTT's Calmare® Pain Therapy Treatment, as authorized by the Surgeon General of the U.S. Army and Commanding General of the U.S. Army Medical Command. The Calmare Pain Therapy Treatment will be used to treat wounded warriors and other military personnel who are suffering from neuropathic pain.

April 1, 2010 - Competitive Technologies Shipping 100 Calmare® Medical Devices. CTT announced it has received shipping instructions for 100 of its Calmare® Therapy Treatment medical devices from its Switzerland-based distributor, Life Epistème Group. The first 40 of these devices have just been shipped. The balance of the order will be shipped over the next three months.

MANAGEMENT BIOGRAPHIES

John B. Nano, 64, President and Chief Executive Officer and Interim Chief Financial Officer, as well as Chairman of the Board of Directors, since February 2007. From January 2006 to January 2007 Mr. Nano served as President and Chief Executive Officer of Articulated Technologies, LLC., a company involved in the creation and commercialization of patented light emitting diode technologies for global solid state lighting applications. He is currently a member of their Board of Directors. Mr. Nano served as President and Chief Executive Officer, and a member of the Board of CTT from June 2002 through June 2005.

Prior to joining CTT, Mr. Nano served as a Principal reporting to the Chairman of Stonehenge Networks Holdings, N.V., a global virtual private network provider serving in operations, strategic planning and finance from 2000 to 2001. From 1998 to 1999, Mr. Nano served as Executive Vice President and Chief Financial Officer of ConAgra Trade Group, a subsidiary of ConAgra, Inc. From 1983 to 1998, he served as Executive Vice President, Chief Financial Officer and President of an Internet Startup Division of Sunkyong America.

John Rooney, Vice President, Sales and Marketing. Mr. Rooney brings more than 20 years of sales and marketing experience in the healthcare industry to CTT. In March of 2010, he assumed responsibility for CTT's U.S. sales of the Calmare® Therapy Treatment medical device.

Rooney has wide-ranging experience in leading sales teams as well as in developing direct product positioning strategies and tactics. Prior to joining CTT, Mr. Rooney was Chief Marketing Officer at NeuroTrax Corporation where he had primary responsibility for full commercialization of cognitive testing systems. He also served as Vice President of Marketing for the Terumo Medical Corporation where he was responsible for developing and implementing the full direct distribution strategy for their interventional product line. Earlier, he was Director of Marketing for Roche Diagnostics where he was responsible for the direct-to-professional marketing programs for a full line of medical products. Prior to marketing, he held an executive role in sales as Director of Sales Operations for Roche where he developed programs influencing the efficiency and effectiveness of the medical sales organization.

Aris D. Despo, Executive Vice President, Business Development. In October 2007 he was promoted to Executive Vice President, responsible for identifying innovative medical/life science technologies, developing commercialization strategies, and managing relationships with universities and industry. He rejoined Competitive Technologies in February 2007 as Senior Vice President, Business Development, a position he held from January 2004 through December 2006. Mr. Despo served as a consultant to CTT from July 2002 through December 2003.

CTT RISK FACTORS

Above Average Businessmen's Risk: Competitive Technologies, Inc. carries above average businessmen's risk due to its history of operating losses and our expectation those losses will continue into the foreseeable future.

Product Adoption Risks: As with any new technology, CTT faces the risk that product adoption will not occur rapidly enough to generate sufficient revenues to fund operations, particularly given the nascent state of the technology, the turbulent/uncertain state of the healthcare industry and the challenges posed in gaining widespread adoption among payers of the Company's proposed reimbursement schemes.

Reliance on Single Product for Revenues: CTT's sole near-term revenue product is the MC-5A; the concentration of product revenues increases the risk to continuing operations.

Illiquidity Concerns: The 3-month average trading volume of CTT shares is 142,944 shares (as of 7/22/2010), which can lead to higher than average trading spreads and trading volatility compared with stocks in the higher market capitalization tiers.

Ownership Dilution: CTT shares carry the potential for additional ownership dilution due to the Company's need to issue additional equity shares to fund current and prospective operations.

Potential Delisting by the NYSE/AMEX Exchange: In June 2010, the NYSE/AMEX stock exchange notified CTT of its intention to file a delisting application with the SEC due to the Company's lack of compliance with

exchange requirements that shareholder's equity be at least \$4 million. On July 21, 2010, the exchange notified CTT that it would indefinitely postpone the delisting hearing pending the exchange's review of the Company's sale of 2 million shares of CTT common stock to Crisnic Fund.

RECENT FINANCIAL REPORTS

Auspiciously, CTT's fortunes involve a bad news/good news story. The regrettable side to CTT is that the Company once had Rights to Products that generated a substantial stream of royalty revenues. In addition, they generated, via an active settlement pursuit process, legal recovery and resolution of funds as part of their revenue mix. Both of these items contributed heavily though 2007. Unfortunately, there has been an extensive run-off of product sales/royalties due to patent expirations, adversely affecting cash flow and profitability. This has led to significant operating losses between 2006 and today.

During the period FY2004 through FY 2007, the Company generated a significant portion of its revenues from a homocysteine assay technology. However, the patent for this technology expired in July 2007 and that led to abandonment of this market. Revenues in 2008 included only \$276,000 for homocysteine technology reflecting previously unreported back royalties.

The following abbreviated table illustrates the dramatic fall-off in royalty revenue according to their specific source. One can glean from the data the inopportune drop-off in fortune the Company has experienced of late.

CTT: >15% Retained Royalties Categories

	FY2006	FY2007	FY2008	FY2009
Homocysteine assay	3,196,000	2,037,000	276,000	18,000
Ethyol(TM)	483,000	29,000	13,000	0
Plasma display	150,000	150,000	150,000	30,000
Sexual dysfunction	60,000	60,000	320,000	0
Plant regeneration	0	0	0	132,000
Total Category Revs	3,889,000	2,276,000	759,000	180,000
% of Total	75.0%	54.6%	63.6%	51.4%
Total CTT Revs	5,187,631	4,167,216	1,193,353	350,249

Source: CTT SEC documents

Management has dramatically pared expenses in response to the declining revenues, which has helped the overall situation.

Now, the much sunnier news is the growing importance of the Calmare Therapy Treatment for the Company. Yes, "Obamacare" is clouding the future as to who is paying how much and for what. But as we have tried to indicate in our report, pain is pain! But, all pain is not equal. Some is far worse. Some pain cannot be treated equally. And some pain is so bad, it doesn't respond to traditional approaches (about 10% to 30% of the cases.) It is precisely these cases that the Calmare Therapy seems to be specifically attuned to treat and offer the best hope for effective pain management. Even more interestingly, it is these cases--if need be, that will be paid for with cash if the families can find any way to afford the payments.

That said, through the first nine months of FY2010, product sales have been generated primarily from sales of the Calmare Pain Therapy Treatment medical device. The Company sold 62 (54 internationally, 8 domestic) devices during that period of fiscal 2010, compared to only one device sold during the first nine months of fiscal 2009. Retained royalties were \$51,000 for the first nine months of 2010, compared to \$213,000 (-76% YTY) of reported in the first nine months 2009. The primary reason for the decline was that CTT received \$132,000 in

back royalties on the plant regeneration technology during fiscal 2009; during 9 months FY2010 only \$11,000 in royalties were paid on this technology. In addition, the Company's patent on its infectious bursal disease virus vaccine expired in the second quarter of fiscal 2009; \$20,000 of royalties was reported in fiscal 2009. Cost of goods sold for the nine months of FY2010 included the cost of 13 pain therapy devices sold; in previous periods the Company did not take possession of the devices and had all sales drop shipped from CTT's Korean manufacturer, hence didn't have COGs component. This was the case for 31 units in 3Q FY2010 and 49 units sold in the first nine months of FY2010.

Personnel and other direct selling expense increased a net \$139,000, or 31% in 3Q FY2010 compared to the corresponding period last year due largely to higher spending in support of the Company's commercialization efforts for the MC-5A. Payroll increased \$31,000 due to the hire of a VP of Sales & Marketing; severance increased \$21,000 due to the termination of an employee; medical benefits increased \$13,000 due to a new hire; commission expense increased \$35,000 due to sales from MC-5A units compared to zero expense in the corresponding period last year. The Company incurred a \$25,000 expense for a recruiter associated with the search for sales representatives.

General and administrative expenses increased a net \$99,000 compared to last year; largely due to higher consulting expenses partially offset by lower D & O insurance expense.

OUTLOOK/ PROJECTIONS

As we look to the future, we believe there is a valid case that clinicians will come to view the Calmare Therapy Treatment as the perfect addition to their established pain clinic practice. Think of the situation where the clinician is about to give-up on helping the "salvage patients," and here comes an alternative that is specified for those untreatable, chronic cases. Conversely, the more hearty and adventurous might actually build Greenfield facilities just to offer the Treatment Therapy because once the patient outcomes are understood and better broadcast to other sufferers, demand should accelerate. How about mobile clinics?! Each Calmare MC-5A unit, fully-utilized, can provide approximately 2,000 patient treatments per year based on 52 weeks of full operation, five days a week and eight treatments per day. A typical patient might need 20-to-40 treatments per year, using an average of 30 treatments per year per patient. Thus said, a single system could treat 70 individual subjects each year.

Or another way to look at machine productivity with a maximum of 70 patients: one machine essentially could produce—at \$150 per average treatment—\$300,000. With the \$58,000 "retail" price, which includes training for the Doctor and staff (technicians and billing team,) one can see how the economics makes this a pretty attractive addition to an operating clinic. Given a treatment profile that attends only to more chronically troubled patients, the economics could be even better.

Given our estimate of 10 million to 20 million prospective global candidates for treatment, the potential size of the installed base of MC-5A units could range from between 10,000 to 100,000 units depending on symptom recurrence rates, changes in duration periods, the incidence of new subjects, new indications that are allowed or identified to be positively affected and the eventual total penetration of the market for the procedure.

The Company has already received significant orders from their distribution partners and customers in recent periods, including Life Epistème Group of Switzerland. Shipments against these orders have substantially ramped in recent months in conjunction with new study results published and presented at recent conferences. Management indicates that the trial results have led to greater interest from prospective customers and partners, as have the recent equipment leasing arrangements and attractive scheduled billing rates (\$200 for the initial "work-up" and treatment followed by the average \$150 for the subsequent treatments: This compared with an average of \$69 for TENS therapy, which often rendered little to no help for these patients.).

Our income statement model (see page 18) contemplates only forward revenue expectation from the Calmare MC-5A: We anticipate only nominal revenues from other technology sources for our valuation projection. Based on recently announced shipment schedules and order rates for their July Fiscal Year, we expect the Company to ship 131 units in FY2010 generating total revenues of roughly \$1.88 million and yielding a loss of

\$2.6 million for a -\$0.24 per share loss. For FY 2011, we expect shipments of 311 units (+137% from FY2010), revenues of \$5.1 million and a loss of \$900 thousand (-\$0.06 per share).

VALUATION THOUGHTS

Using a universe of comparable, emerging medical equipment companies, which consisted of 79 candidates, we looked for the following criteria: Market capitalizations up to \$190 million; Revenues ranging from a \$1 million to \$200 million; We eliminated any candidates that were extreme outliers that contorted the results in our process of examining the data. With the cleansed database results, we found that an average price-to-sales “point figure” valuation determinate for our “medical industry group” equaled 8-times.

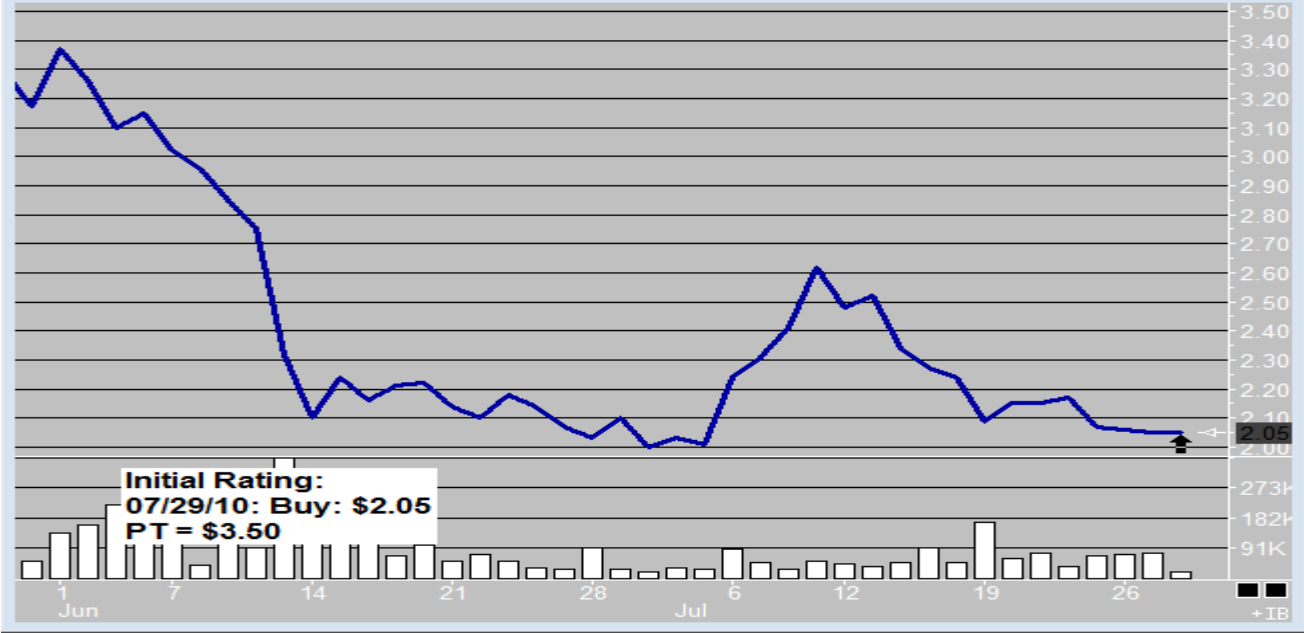
This multiple figure is a good starting for our valuation of CTT since the group of companies is a “hodge-podge” of operations and not one that exactly mirrors the subject company. What I mean is some companies have FDA regulatory permission to market their products, some don't. Same is true for the CE Mark. It means that the group's stated average is low versus CTT, which has product acceptance by both the FDA and CE to be sold in their respective regions.

Separately, there are established distribution agreements both here and abroad for CTT (Life Epistème Group of Switzerland for Europe or Calmare Pain Relief, LLC and Native Energy & Economic Development, LLC for the USA) that should greatly assist the Company expand into its markets. Starting and building a company's own sales and marketing detail team is a very difficult and arduous process. CTT, having three groups already out there ramping the introduction the MC-5A0020, should help propel the Company's own sales process. As we have seen, it has provided the Company a ready base of sales from which to launch its own efforts or to fall back on in the future. Our collective “industry” doesn't have that established security. This too should add to the valuation factor.

Based on these two additional valuation tenets, we think it reasonable that a more generous, 10-times average price-to-sales multiple, rather than the average, 8-times 2011 sales per share should be used for placing a target figure on the shares today. In addition, I have to admit that we were rather meager with our estimate for sales growth in the future! But, sales cycles for medical device companies have their own idiosyncrasies as to seasonality and detail team sales ramps are always different depending on adoption. Its best in the beginning to be a little more conservative to start.

That said, we believe that CTT shares should be recommended for accounts seeking capital appreciation. We have targeted that their value should approach \$3.50 per share, or up 70% from their current level. This appreciation gain is due to the year-out improvement in the Company's sales due to the greater acceptance of their MC-5A Calmare Pain Therapy Treatment, a registered device that is shown to attenuate extreme cases of chronic neuropathic pain.

**CTT Daily
Chart**



This report was prepared from data and information believed reliable but not guaranteed by us as to its accuracy and does not purport to be complete. It is not to be considered as an offer to sell or a solicitation of an offer to buy the securities of the companies covered by this report. Opinions expressed are subject to change without notice. Catalyst Financial Resources LLC, its affiliates and other associates may have positions and may effect transactions in securities of companies mentioned herein. ©Catalyst Financial Resources LLC. Suite 201, 3220 SW 1st Ave. Portland, Or. 97239; (503) 241-1880.

COMPETITIVE TECHNOLOGIES, INC.					
Consolidated Balance Sheet					
	7/31/2008	7/31/2009	4/30/2010	7/31/2010E	7/31/2011E
ASSETS					
Current Assets:					
Cash and cash equivalents	2,237,095	752,071	632,475	4,040,466	2,332,107
Accts. Receivables, net	120,077	199,619	934,077	833,471	2,000,000
Inventory	-	-	325,314	350,000	550,890
Prepaid expenses and other current assets	317,756	206,789	109,252	125,000	790,000
Total current assets	2,674,928	1,158,479	2,001,118	5,348,937	5,672,997
Property and equipment, net	262,863	203,012	164,366	164,000	167,000
Other long term assets	40,083	-	-	0	0
Deferred financing costs, net	133,109	40,000	68,896	90,000	120,000
TOTAL ASSETS	3,110,983	1,401,491	2,234,380	5,602,937	5,959,997
LIABLS AND OWNER'S EQUITY					
Current Liabilities:					
Accounts payable	679,644	352,543	491,273	1,200,000	1,900,000
Accrued expenses and other liabilities	759,081	682,362	1,016,355	1,500,000	500,000
Total current liabilities	1,438,725	1,034,905	1,507,628	2,700,000	2,400,000
Deferred rent	78,822	81,418	70,506	70,000	0
Shareholders' interest:					
5% preferred stock, \$25 par value, 35,920 shares auth., 2,427 shares issued and outstanding	60,675	60,675	60,675	60,675	60,675
Common stock, \$.01 par value, 20,000,000 shares auth., 9,819,027 and 8,179,872 shares issued respectively	81,798	98,190	113,224	137,000	149,000
Capital in excess of par value	35,732,761	37,887,925	40,484,258	42,984,258	44,584,258
Accumulated deficit	(34,281,798)	(37,761,622)	(40,001,911)	(40,348,996)	(41,233,936)
Total shareholders' equity	1,593,436	258,168	656,246	2,832,937	3,559,997
TOTAL LIABLS & SH EQUITY	3,110,983	1,401,491	2,234,380	5,602,937	5,959,997

COMPETITIVE TECHNOLOGIES, INC.					
Income Statement Model - Historical and Projected					
	2007	2008	2009	2010E	2011E
Retained royalties	\$ 2,731,318	\$ 973,181	\$ 261,410	\$ 66,019	\$ 60,000
Product Sales	66,798	61,463	8,493	1,807,040	5,038,000
Investment income	553,951	158,709	7,346	78	60
Other income	815,149	-	70,991	6,132	-
Total Revenues	4,167,216	1,193,353	348,240	1,879,269	5,098,060
EXPENSES					
Cost of product sales	134,665	54,419	668	369,474	1,428,000
Personnel and other direct exps	5,463,426	3,201,833	2,024,210	2,116,524	2,415,000
General and admin. expenses	5,735,661	3,562,919	2,198,608	2,053,799	2,140,000
Patent enforcement expenses, net	977,410	42,231	1,852	-	-
Impairment of for-sale securities	-	227,596	-	-	-
Loss on sale of available-for-sale secs, net	-	70,809	-	-	-
Loss on Investment	750,000	-	(400,000)	-	-
Interest expense			2,726		
Total Operating expenses	13,061,162	7,159,807	3,828,064	4,539,797	5,983,000
Income (loss) before income taxes	(8,893,946)	(5,966,454)	(3,479,824)	(2,660,528)	(884,940)
Provision (benefit) for income taxes	-	-	-	-	-
NET INCOME (LOSS)	(8,893,946)	(5,966,454)	(3,479,824)	(2,660,528)	(884,940)
Net income (loss) per common share:					
Basic earnings (loss) per share	(1.11)	(0.73)	(0.39)	(0.25)	(0.06)
Diluted earnings (loss) per share	(1.11)	(0.73)	(0.39)	(0.25)	(0.06)
Wtd. Avg. Common Shares					
Basic	8,040,455	8,156,343	8,821,893	10,840,791	14,450,000
Diluted	8,040,455	8,156,343	8,821,893	10,840,791	14,450,000
MC-5A Shipments:					
Domestic			0	17	51
International			1	114	260
Total Shipments			1	131	311
% Chg			100.0%	13000.0%	137.4%

COMPETITIVE TECHNOLOGIES, INC.												
Income Statement Model - Historical and Projected												
	<i>Estimated--></i>											
	1Q FY2009 10/31/2008	2Q FY2009 1/31/2009	3Q FY2009 4/30/2009	4Q FY2009 7/31/2009	1Q FY2010 10/31/2009	2Q FY2010 1/31/2010	3Q FY2010 4/30/2010	4Q FY2010E 7/31/2010	1Q FY2011E 10/31/2010	2Q FY2011E 1/31/2011	3Q FY2011E 4/30/2011	4Q FY2011E 7/31/2011
Product sales	-	0	7,659	834	135,096	152,269	517,675	1,002,000	1,270,000	1,118,000	1,256,000	1,394,000
Gain on sale of rental assets	-	-	-	-	-	81,203	-	-	-	-	-	-
Retained royalties	26,620	27,138	159,278	48,374	9,001	28,731	13,287	15,000	15,000	15,000	15,000	15,000
Investment income	5,356	1,608	240	142	30	18	15	15	15	15	15	15
Other income	71,825	-	-	(834)	-	6,132	-	-	-	-	-	-
Total Revenues	103,801	28,746	167,177	48,516	144,127	268,353	530,977	1,017,015	1,285,015	1,133,015	1,271,015	1,409,015
Expenses												
Cost of product sales	0	162	165	341	0	9,036	108,438	252,000	420,000	308,000	336,000	364,000
Personnel and other direct exps.	678,645	481,785	448,909	414,871	442,393	510,637	588,494	575,000	580,000	595,000	610,000	630,000
General and admin. expenses	791,171	479,429	473,447	454,561	456,291	490,836	571,672	535,000	535,000	535,000	535,000	535,000
Patent enforcement exps., net	2,085	(233)	-	(1,852)	-	-	-	-	-	-	-	-
Impairment of avail for sale secs	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of avail for sale secs., net	-	-	-	-	-	-	-	-	-	-	-	-
Insurance expense (recovery)	(400,000)	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	1,752	974	1,169	2,942	1,838	2,100	2,100	2,100	2,100	2,100
Total Operating Expenses	1,071,901	961,143	924,273	868,895	899,853	1,013,451	1,270,442	1,364,100	1,537,100	1,440,100	1,483,100	1,531,100
(Loss) before income taxes	(968,100)	(932,397)	(757,096)	(820,379)	(755,726)	(745,098)	(739,465)	(347,085)	(252,085)	(307,085)	(212,085)	(122,085)
Provision (benefit) for income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Net (loss)	(968,100)	(932,397)	(757,096)	(820,379)	(755,726)	(745,098)	(739,465)	(347,085)	(252,085)	(307,085)	(212,085)	(122,085)
Basic and diluted (loss) per share	(0.12)	(0.11)	(0.09)	(0.08)	(0.08)	(0.07)	(0.07)	(0.03)	(0.02)	(0.02)	(0.01)	(0.01)
Basic and FD wtd. avg comm shs	8,212,461	8,440,698	8,815,387	9,819,027	9,885,432	10,521,100	11,056,632	11,900,000	14,000,000	14,300,000	14,600,000	14,900,000
Calmare unit sales:												
Domestic	0	0	0	0	3	3	2	9	15	11	12	13
Foreign	0	0	1	0	9	4	41	60	50	60	70	80
Margin analysis:												
Operating margin	-932.6%	-3243.6%	-452.9%	-1690.9%	-524.3%	-277.7%	-139.3%	-34.1%	-19.6%	-27.1%	-16.7%	-8.7%
Net margin	-932.6%	-3243.6%	-452.9%	-1690.9%	-524.3%	-277.7%	-139.3%	-34.1%	-19.6%	-27.1%	-16.7%	-8.7%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company SEC reports and CFR estimates

DISCLOSURES:

This report has been commissioned by Integrated Competitive Technologies, Inc (the Company) as part of an on-going research and awareness program contracted between Catalyst Financial Resources, LLC (CFR), and the Company. CFR has been paid or promised payment for the production and editorial content of this report. The Company is paying CFR \$25,000 for a 3-month contract for services rendered. However, the opinions, forecasts and price targets are based on our examination of Company fundamentals, conversations with management, independent analysis of markets, economic conditions, and other publicly available information.

This report has been written in accordance with current SEC regulations and the Standards of Practice developed by the Association of Investment Management & Research (AIMR). Our research has been conducted by employing analytical practices generally accepted as standard within the analytical industry. Our conclusions are, by the very nature of forecasting, speculative, but are also reasonable, supportable and consistent.

Key to disclosures:

- (1) Catalyst Financial Resources LLC (CFR) does not make markets in any securities and has not managed or co-managed a public offering of securities for the subject company within the past 12 months.
- (2) CFR received compensation for investment banking services from the Subject Company within the past 12 months.
- (3) CFR expects to receive or intends to seek compensation for investment banking services from the Subject Company within the next 3 months.
- (4) The research analyst or a member of the research analyst's household has a financial interest in the securities of the Subject Company in the form of a (a) long position (b) short position (c) right (d) warrant (e) future or (f) call option in such securities.
- (5) CFR and/or its officers or affiliates may either hold a position in this company's share or own options, rights or warrants to purchase any of the securities of the subject company.
- (6) The research analyst principally responsible for preparing this research report received compensation based upon various factors, including CFR total revenue, a portion of which was generated by CFR's investment banking services.
- (7) The research analyst or a member of the analyst's household serves as an officer, director, or advisory board member of the subject company;
- (8) An affiliate of CFR may have a different view from the views expressed herein.
- (9) CFR and/or its affiliates beneficially own 1% or more of the subject company.
- (10) The Subject Company is a client of CFR or one of its affiliates.
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Buy	Immediate purchase is recommended. The security expected to outperform the market over the next 12 to 18 months.
Accumulate	Purchase of the stock is recommended for above average appreciation over the next 12 to 18 months, but the buyer may have an opportunity to acquire the stock within a 10% trading range.
Hold	Holding the stock is recommended because the share price has moved above the specific "Buy" range and, therefore, appreciation potential is less than or equal to the market.
Sell	The stock has reached the target price objective and/or conditions have changed sufficiently to alter the outlook for the stock.

EQUITY RISK SYSTEM:

High	The security is more volatile than the market and/or the company is more leveraged than its peer group.
Moderate	The security has about the same volatility as the market and/or the company carries a level of leverage in line with its peer group.
Low	The security is less volatile than the market and/or the company is less leveraged than its peer group.

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