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SoupMan, Inc. (SOUP – OTCQB)

Seinfeld's "No Soup for You!" Episode Made The SoupMan Famous. Now His Soups Are Rapidly Becoming Available in Grocery Stores Nationwide. New Tetra Pak Facilitates Gourmet Soup Availability on Shelves Without Refrigeration, Driving Strong Growth in Availability and Sales.

Speculative Buy

Recent Price: **US$0.51**

Market Data (closing prices, February 21, 2013)

Market Capitalization (mln, US$)	16.0
Enterprise Value (mln US$)	24.9
Basic Shares (mln)	31.2
Fully Diluted Shares (mln)	38.5
Avg. Volume (90 day, approx.)	9,741
Insider Ownership	26%
Exchange	OTCQB

Balance Sheet Data (as of December 31, 2011)

Shareholders' Equity (mln)	(8.3)
Price/Book Value (as of 2/15/13)	N.A.
Cash (000s)	207
Net Working Capital (000s)	(8,634)
Long-Term Debt (000s)	0
Total Debt to Equity Capital	N.A.

Company Overview

The Company currently manufactures and sells premium soup to grocery stores, the New York City Public School System, and its restaurant franchisees under the brand name "The Original Soupman." Rated #3 in the $6B soup food category for consumer recognition, the Company's soups are already available in larger grocery stores in much of the United States.

SoupMan Inc. trades on the over the counter bulletin board (OTCQB) under the symbol SOUP.

Summary and Investment Opportunity

- **Excellent Brand Recognition and Strong Demand Fuels Rapid National Rollout**

Due in part to the "No Soup for You!" Seinfeld episode, and the Company's long history of offering premium soups through its New York City franchise locations, SoupMan products have excellent brand recognition amongst consumers – only Campbell's and Progresso are better known. The Company has begun to leverage this brand recognition to rapidly gain shelf space in many regional and national grocery stores, as well as franchised restaurants in high-traffic locations such as the Mohegan Sun Casinos in CT. As of early 2013, grocery stores that either are stocking or have agreed to stock the Company's products include: A&P, Associated Food Stores, Carrs, Dominick's, Fairway, Food Emporium, Harris Teeter, H-E-B Supermarkets, Pathmark, Pavilions, Randalls, Safeway, Super Fresh, The Fresh Market, Tom Thumb, Vons, Waldbaum's, Wegman's, Weiss, and Woodman's. We expect the Company to continue to add grocery chains and franchised restaurant locations going forward.

- **New Tetra Pak Enables Mainstream Sales and Competition with the Incumbents**

Traditionally, grocery stores have offered soup in two locations: on the soup aisle, where most people shop for soup, and in the gourmet section, where refrigerated niche-market premium products are kept. However, the Company's new Tetra Pak allows its premium, gourmet soups to be available right on the soup aisle, allowing its superior-quality products to compete directly with Campbell's and Progresso on convenience and price. We believe The Original SoupMan's price, gourmet quality, and shelf-storage capability should allow it to be very successful in this regard, as recent distribution agreements clearly evidence.

- **World-Class Team of Endorsers and Advisors Bodes Well for Market Penetration**

The Company has assembled a truly world-class team of executives, advisors, and celebrity equity partners. Perhaps most importantly, the Company employs Tim Gannon, co-founder of Outback steakhouse, as its Head of Culinary and Business Development. Additionally, the Company's celebrity equity partners include Reggie Jackson, Jason Alexander, and Shaquille O'Neal, a world-famous athlete who should be particularly influential in raising product awareness and driving first-time purchasing by customers.

- **Soupman Closing Headline and Investment Thesis**

SoupMan has it all: a great product, solid brand recognition, a stellar team of celebrity equity partners, and a business model that is both scalable and free from large CapX necessities. Furthermore, the Company's management is highly experienced at building food and branded enterprises (especially Mr. Gannon of Outback Steakhouse), and overall is likely to achieve success in its quest to become a household name in the $6 billion domestic soup market. We recommend that all risk-tolerant investors seriously consider investing in SOUP.

Company Contact Information

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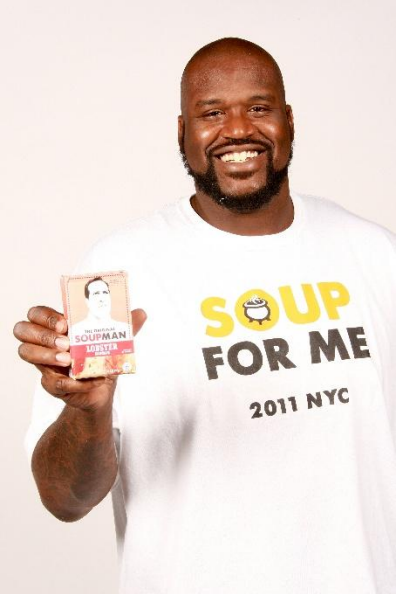
Please see analyst certification and required disclosures on page 7 of this report.

Company Analysis

Company Overview

SoupMan, Inc. is the brand owner of The Original SoupMan, and manufactures and sells soups under the Original SoupMan brand to supermarkets and schools in the United States. First made famous by the popular sitcom Seinfeld's "No Soup for You!" episode, a recent consumer brand recognition study by the Toluna Group (toluna-group.com) indicates that SoupMan is #3 in the US $6 billion soup category, behind #1 Campbell's and #2 Progresso. The Company has three well-known celebrity equity owners – Shaquille O'Neal, Jason Alexander, and Reggie Jackson – as well as Tim Gannon, co-founder of Outback Steakhouse, on the management team. Furthermore, over the last few months the Company has announced several large retail food distribution deals that currently put it on the shelves of many national and regional grocery stores, such as: A&P, Associated Food Stores, Carrs, Dominick's, Fairway, Food Emporium, Harris Teeter, H-E-B Supermarkets, Pathmark, Pavilions, Randalls, Safeway, Super Fresh, The Fresh Market, Tom Thumb, Vons, Waldbaum's, Wegman's, Weiss, and Woodman's. The Company uses a contract manufacturer to make and deliver its products, allowing it to rapidly scale sales and earnings without requiring upfront payment for the cost of goods. We view this as a key component of its business model, and one that should be particularly important for more savvy investors.

The Company trades on the OTCQB under the symbol Soup, and is based in Staten Island, New York.



Shaquille O'Neal, Brand Champion and SoupMan Grocery Store Display

SoupMan Strategic Growth Plan

The Company has what we believe to be a sound, two-pronged growth strategy. The primary component of the Company's strategy is to leverage SoupMan's excellent consumer-brand recognition to continue to secure additional shelf space on the soup aisles of America's grocery stores. With supporters such as Jason Alexander and Shaquille O'Neal and strong market traction as evidenced by the Company's string of large distribution agreements with the likes of Nash-Finch (NAFC – NasdaqGS), we view as this likely to be successful. The Company's new Tetra Pak allows what is commonly-recognized as a premium quality brand to compete very successfully in terms of price and convenience vs. industry incumbents Campbell's and Progresso, and we expect that this competitiveness and brand strength will allow it to achieve significant and growing market share over the coming quarters and years.

The other primary component of the Company's strategy involves supplying schools with a school-specific version of its product; in this regard, we believe the support of high-profile athletes such as SHAQ could be very important. The Company plans to expand its school-distribution beyond New York City into various other

regions and municipalities during the coming years. Although success in this area is likely to take quite a bit of time, it will eventually confer a significant advantage to the Company: a highly-loyal customer base. Based on historical trends, schools and the municipalities that manage them tend to remain with the same suppliers for 10-20 years or more, and those brands that don't get "lost in the kitchen" tend to become popular (via parents' purchases) through retail food stores as well.

Also, because the Company has a healthy product that is consistent with the nation's focus of making healthier, tasty foods available to children at school. We believe this aspect of the Company's strategy is sound and likely to be effective over the medium to long term. For example, many of the "healthy" foods currently being offered in school just don't taste good to the children to whom they're being served, and the small portions are leaving many children still hungry after lunchtime. Since children are especially taste-sensitive in their consumption choices, we believe this creates a considerable opportunity for the Company to supplant these products with its taste-superior products. Interested investors can use the following links for new stories pertaining to this phenomenon:

dailycaller.com/2013/01/26/fed-up-school-junks-federal-lunch-aid-after-students-give-new-grub-terrible-reviews/

radio.foxnews.com/toddstarnes/top-stories/kansas-students-to-obama-stay-out-of-our-lunch-room.html

www.foxnews.com/health/2012/03/15/schools-can-opt-out-pink-slime-beef/

The Product

The Company manufactures four soup varieties for packaging and retail distribution (Lobster Bisque, Chicken Noodle, Lentil and Tomato Bisque); its franchise restaurants serve 40+ different soup varieties. The Company's four packaged soups come in a new type of container known as a Tetra Pak; this container and the packaging technology upon which it is based allows the Company to make gourmet-quality soups available without the need for refrigeration. Given the high degree to which the Company's products are recognized by consumers and the Zagat #1 rated quality of its soup, we view the proprietary Tetra Pak as being the lynchpin in the Company's likely future retail success.

For the educational market, the Company employs different formulations that allow it to earn healthy margins on a typical per capita revenue of $1/student. These formulations are comprised of healthy and nutritious ingredients such as beans, making them consistent with government initiatives for healthy food in schools. These soups may also give the Company a considerable amount of brand equity, if over time they are able to make children aware of their brand through the school cafeteria. While we view this as an important outcome for the Company, it remains to be seen whether or not they will be entirely successful in its achievement. However, we view the entire school market segment as "icing on the cake," and feel that investors should focus on future retail consumer penetration almost exclusively when conducting their analysis.

Manufacturing and Distribution

The Company has contract manufacturing agreements with manufacturers to produce its proprietary recipes, inventory its product and ultimately deliver it to national food distributors, who in turn deliver the product to individual grocery stores and franchised restaurants. We view this relationship as constituting a "sweetheart deal" for the Company, meaning that it is free to grow sales as rapidly as possible without necessitating a large influx of brick-and-mortar growth capital and inventory-financing. This is a highly encouraging relationship structure, and in our view, one that speaks well of the management team behind it. Note that the Company's soups are mainly priced between $3.29 and $3.79 per pack for a 17.3oz. "double" serving. Their packing is re-sealable and fully recyclable, which makes it convenient and appealing to environmentally-conscious consumers.

The Company is represented by Advantage Sales & Marketing (http://www.asmnet.com) as its national sales broker for grocery and retail channels and Acosta Sales and Marketing (http://www.acosta.com) as its Safeway representative. The Company expects to continue its success in signing on new distributors for the foreseeable future through the efforts of Advantage Sales & Marketing's 33,000 U.S.-based employees.

The Company's website currently lists these grocery store chains as being representative of its growing presence in the $6B consumer soup market.

The Company's current manufacturing partnership and its growing availability in grocery stores around the nation is highly encouraging to us, and we are sanguine about the Company's ability to leverage its brand position and distribution strength to an even greater degree in the near future.

Leadership

We believe that SOUP has assembled an excellent team of directors, advisors, and executives that make its ultimate success very likely. Some of its key personnel's bios are included below.

Arnold Casale, *Chief Executive Officer and Director*
Arnold oversees the entirety of the Company's day-to-day business, including production and purchasing operations for its restaurants and its full line of products in supermarket distribution; he leads the strategy and planning functions as well. He has been a member of the Board of Directors since 2009.

Arnold is a successful, serial entrepreneur with over 40 years in the food and restaurant business, including extensive retail and food service experience. An innovative entrepreneur, Arnold developed the technology that allowed for the mass production of the classic New York-style par-baked bagel and its introduction into many fast-food systems. He co-founded Arnie's Bagelicious Bagels, Inc. in 1991 to manufacture and distribute bagel products through in-store retail bakeries and food service; the company was sold to the Quaker Oats Company in 1994. Arnie's Bagels customers included McDonald's, Disney World, Dunkin' Donuts, Friendly's, A&P Supermarkets and other major national chains.

In the 1970s and 1980s, Arnold owned and operated several retail "hand rolled" bagel shops where he perfected his formula. He was also a franchisee owner of one of the highest-grossing Carvel Ice Cream shops in New York City for 10 years, and was instrumental in bringing Froze Fruit, an all-natural fruit dessert on a stick, to market.

Robert N. Bertrand, *President and Chief Financial Officer*
Bob is responsible for all financial and administrative functions of the Company, and benefits from having held this same position at Soup Kitchen International since 2004. With 33 years of financial and operations experience, Bob brings well-honed fiscal and management disciplines to the organization. For two prior years, he was the Chief Operating Officer and Chief Financial Officer of a startup manufacturer of healthy, indulgent chocolate products sold under the brand name of "SOBE."

From 2000 to 2002, Bob was a partner in Bullard Financial, Inc. a firm specializing in strategic financial planning for small businesses, their owners, and their officers. Mr. Bertrand spent 20 years with two publicly traded companies, Industrial Acoustics Company, Inc. (from 1990 to 2000) and Bairnco Corporation (from 1980 to 1990), starting as accounting manager and ultimately ending up as CFO and Senior Vice-President of Finance and Administration. He started his professional career in 1977 with Singer & Lusardi, a well-respected, independent CPA firm located in Worcester, Massachusetts. Mr. Bertrand holds a BS in Accounting from Northeastern University and a Master's degree from Columbia University.

Tim Gannon, *Culinary and Business Development; Co-f*ounder, Outback Steakhouse
Tim Gannon, Co-Founder of Outback Steakhouse, Inc. is an extremely successful businessman, great sportsman and a staunch polo sponsor. He is the creator of the "Bloomin' Onion" recipe, as well as many of the other dishes on Outback's menu.

An alumnus of Florida State University, he studied art history and dreamed of being a museum curator which took him to Florence, Italy, where he became a tour guide for an art gallery. He then went to Aspen, Colorado where he developed his passion for food and cooking. The French chef at the Four Seasons Hotel offered to train him to be his assistant.

Over the next 14 years he worked at Steak & Ale for Norman Brinker, and then Al Copeland hired Tim to help operate his Copeland's Cajun Cafe' in New Orleans. In 1987 Tim sold his saddle for $250.00 and arrived in Tampa with $37 in his pocket when Bob Basham and Chris Sullivan asked him to become their partner and launch a new restaurant concept that became known as Outback Steakhouse.

In 1994, Inc. Magazine named Tim Gannon Entrepreneur of the Year. In 1999, The Florida Restaurant Association honored him with its "Lifetime Achievement Award". In the year 2000, Tim received an honorary Doctorate Degree in Business Administration and Food Service Management from Johnson & Wales University. He is also a member of the Tampa Bay Chamber of Commerce Business Hall of Fame. In 2009 he was inducted into the U.S. Business Hall of Fame along with his partners Chris Sullivan and Bob Basham. In 2011 he launched "Kettle Comfort, Cooking for America" based in West Palm Beach which is Chef inspired food that will be delivered to thousands of hungry or nutrition deprived people each day.

His favorite pastime is playing polo for his own team, Outback Polo. Since 1992 he has been an active polo player and one of the greatest sponsors of the game. In 2001, Outback Polo won their third U.S. Open in a row, which no other polo team has ever done. Tim also led his polo team in being the first ever to hold five U.S. championships (1995, 1996, 1999, 2000 and 2001). He has played high goal polo in the U.S., England, Spain, Argentina, Dubai and Uruguay. In 1999, he received the USPA Sponsor of the Year award for his contribution to polo.

His other passion is his family; wife, Christie, and five children, Christopher, Kathleen, Blake, Bettina and J.T.

Risks

Like any Company of its size, the SoupMan faces myriad operational and financial risks. Of these, perhaps the most important is financial risk. Although the Company has been and should continue to be successful at securing funding for its operations, at this point it is quite cash-flow negative (operating cash flow of -$420,666 in Q4'12), and is operating with a very large working capital deficit of -$8,634,043 as of Q4'12. While believe fundamental strength in the Company's brand, product, business model, and team are likely to overcome its financial challenges, it is by no means a certainty. Notably, several significant debt holders of the Company are former directors and/or otherwise friendly to the Company, making adverse action by debt holders against the Company less likely, in our view, than it might first appear.

In addition to financial risk, the Company faces some degree of operational and market-acceptance risk. At this early stage, it is of paramount importance that those grocery stores "stocking" the Company's product complete the process of making it available on shelves throughout all stores in the chain, which we believe will happen over the coming few months. If this does not occur for some reason, however, then we would expect that short-term financial results would suffer, perhaps to a significant extent. This eventuality would certainly reduce the likely present value of the Company's shares, at least in the near term, although to what extent is beyond the scope of this report. However, as long as the Company is successful in the medium-term, even it that success happens more slowly than we believe likely, the shares should eventually accurately reflect the success in their market price.

Conclusion

Despite some of the risks, SoupMan constitutes an extremely attractive opportunity for investors, as its product and business model could support a future valuation that exceeds its current valuation of $100M many times over.

The Company has a great product that appeals to consumers, it has demonstrated success in signing on some of the nation's largest food distributors that give it shelf space in many of the largest grocery store chains, and it has a fabulous team of executives and equity partners that give it an above average chance of succeeding. Whether this "success" means 1% market share ($60M in annual sales) or 10% market share ($600M in annual sales), we believe that market success will equate to a win for early-stage investors. We recommend that all serious, risk-tolerant investors strongly consider the value SoupMan shares represent today.

Our Rating System

We rate enrolled companies based on the appreciation potential we believe their shares represent. The performance of those companies rated "Speculative Buy" or "Strong Speculative Buy" are often highly dependent on some future event, such as FDA drug approval or the development of a new key technology.

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SELL	We expect the enrolled company to underperform the general market for U.S. equities by more than 10% during the following 12 to 24 months.

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Our Team

Brian R. Connell, CFA **Senior Managing Director**

Mr. Connell has over 20 years' experience in the securities industry, as an equity analyst and portfolio manager, and as the founder and CEO of StreetFusion (acquired by CCBN/StreetEvents), a software company serving the institutional investment community. On the sell-side, Mr. Connell served as the technology analyst for Neovest, an Atlanta-based boutique, and as a Senior Analyst - Internet for Preferred Capital Markets, an investment bank based in San Francisco. Mr. Connell has also held the position of Executive Director of Marquis Capital Management, a technology-focused hedge fund.

Mr. Connell founded Harbinger Research in 2004 with the purpose of providing high quality research coverage to deserving smaller companies. Mr. Connell holds degrees in Economics and Psychology from Duke University, and is a CFA Charterholder.

Scott R. Greenstone, CFA **Senior Research Analyst, Healthcare**

Prior to joining Harbinger Research, Mr. Greenstone founded StratFin, an ongoing enterprise that helps scientific-entrepreneurs build businesses. Prior to forming StratFin, Mr. Greenstone was the head of business development at Varian, Inc., a $1 billion manufacturer of scientific instruments responsible for co-developing global strategy and for sourcing and executing mergers and acquisitions, partnerships and OEM relationships. Previously, he led financial planning and analysis at Symyx Technologies and Xenogen.

Prior to his operating roles, Mr. Greenstone was a research analyst, covering precision instrumentation and life science companies for ten years at several investment banks including Thomas Weisel Partners & Salomon Brothers. Mr. Greenstone has an MBA from the University of Texas at Austin and a B.S. from Lehigh University. He also holds the Chartered Financial Analyst designation.

