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Revolutionary Concepts Inc
Form 10-Q
August 22, 2011

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED June 30, 2011

Commission File Number 000-53674

REVOLUTIONARY CONCEPTS, INC.

(Exact name of Registrant as specified in its charter)

Nevada	7382	27-0094868
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Revolutionary Concepts, Inc.

6000 Fairview Rd, Suite 1425

Charlotte, NC 28210

980-225-5376

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(Address and telephone number of principal executive offices and principal place of business)

Ron Carter, President

Revolutionary Concepts, Inc.

6000 Fairview Rd, Suite 1425

Charlotte, NC 28210

980-225-5376

(Name, address and telephone number of agent for service)

Copies to:

Jill Arlene Robbins

Attorney at Law

525 93 Street

Surfside, Florida 33154

(305) 531-1174

(305) 531-1274 (facsimile)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 or the Exchange Act).
YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	<u>Outstanding at August 19, 2011</u>
Common stock, \$0.001 par value	61,248,037

(1)

Table of Contents

INDEX TO FORM 10-Q FILING

FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

TABLE OF CONTENTS

	Page
PART I	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
PART II	
Item 1. Legal Proceedings	20
Item 1A. Risk Factors	21
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults Upon Senior Securities	22
Item 4. (Removed and Reserved)	22
Item 5. Other Information	22
Item 6. Exhibits	22
SIGNATURES	23

(2)

Table of Contents

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying reviewed interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K/A for the year ended December 31, 2010. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of the results that can be expected for the year ending December 31, 2011.

(3)

Table of Contents

REVOLUTIONARY CONCEPTS, INC.
(A Development Stage Company)

BALANCE SHEETS
as of June 30, 2011 and 2010

	(Unaudited)	(Audited)
	June 30,	December
	2011	31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$671	\$184
Total Current Assets	671	184
Fixed Assets		
Computer equipment	11,331	11,331
Accumulated depreciation	(10,857)	(10,577)
Total Net Fixed Assets	474	754
Other Assets		
Patent costs	88,306	88,306
Accumulated amortization	(79,592)	(74,602)
Total Patent Costs Net of Accumulated Amortization	8,714	13,704
Security deposits	1,500	1,500
Total Other Assets (net of accumulated amortization)	10,214	15,204
TOTAL ASSETS	\$11,359	\$16,142
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	\$166,511	\$78,809
Accrued interest payable	94,030	88,860
Other accrued expenses	473,240	215,340
Total Current Liabilities	733,781	383,009
Long-term Debt		
Notes payable	392,237	204,837
Notes payable - related parties	20,000	77,785
Total Long-term Debt	412,237	282,622
Stockholders' Deficit		
Preferred stock 10,000,000 shares authorized, none issued	—	—
Common stock, \$.001 par value, 37,857,533 shares issued and outstanding, 1,000,000,000 authorized	37,858	37,858

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Additional paid in capital	2,248,651	2,248,651
Unpaid capital contributions (note 3)	(120,350)	(121,952)
Deficit accumulated during the development stage	(3,300,818)	(2,814,046)
	(1,134,659)	(649,489)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 11,359	\$ 16,142

(4)

Table of Contents

**REVOLUTIONARY
CONCEPTS, INC.**
(A Development
Stage Company)

**STATEMENTS OF
INCOME (LOSS)
for the Quarters
Ending June 30,
2010 and 2011
and the period from
March 12, 2004
(Inception) to June
30, 2011
(Unaudited)**

	For the three months ended		For the six months ended		(Inception) to
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011
OPERATING EXPENSES					
Automobile expense	\$1,152	\$1,152	\$2,304	\$2,304	\$27,791
Bank charges	98	221	182	438	7,016
Compensation	128,390	—	243,765	—	463,936
Depreciation and amortization expense	2,635	4,347	5,270	8,082	93,519
License and Permits	325	—	325	—	6,658
Office Expense	—	859	859	1,718	18,096
Office Supplies	859	76	859	615	15,424
Payroll taxes	—	(606)	12,916	(9,744)	46,236
Printing and Reproduction	429	—	502	2	16,122
Professional Fees	129,369	15,771	210,347	37,295	1,778,505
Product Research and Development	—	—	—	—	560,958
Taxes	—	64	—	64	1,305
Telephone Expense	1,033	704	1,195	867	22,492
Travel Expense	2,092	139	2,092	186	101,018
Website Development	22	480	22	480	13,776
Other Expenses	903	209	1,427	713	51,827
Total Operating Expenses	\$267,307	\$23,416	\$482,065	\$43,020	\$3,224,579
OTHER INCOME AND (EXPENSE)					
Interest income	1,221	1,107	2,361	2,969	35,251
Other income	—	—	—	—	490
Interest expense	(5,401)	(675)	(7,068)	(1,188)	(111,980)
	(4,180)	432	(4,707)	1,781	(76,239)
NET (LOSS)	\$(271,487)	(22,984)	\$(486,772)	(41,239)	\$(3,300,818)

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Weighted average number of common shares outstanding	31,098,168	18,521,425	31,098,168	18,521,425	31,098,168
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Net (Loss) per common shares outstanding	\$(0.01) \$(0.00) \$(0.02) \$(0.00) \$(0.13)
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(5)

Table of Contents

**REVOLUTIONARY
CONCEPTS, INC.
(A Development
Stage Company)**

**STATEMENTS OF
CASH FLOWS
for the Quarters
Ended June 30, 2010
and 2011
and the period from
March 12, 2004
(Inception) to June
30, 2011
(Unaudited)**

	For the six months ended		March 12, 2004 (Inception) to June 30, 2011
	June 30, 2011	June 30, 2010	June 30, 2011
	\$ (486,772)	\$ (41,239)	\$ (3,300,818)
Depreciation and amortization	5,270	8,082	90,449
(Increase) in other assets	—	—	(1,500)
Common shares issued for services received	—	—	820,684
Increase in (decrease) accounts payable and accrued expenses	574,518	(45,044)	733,781
NET CASH (USED IN) OPERATING ACTIVITIES	93,016	(78,201)	(1,657,404)
Purchase of computer equipment	—	—	(11,331)
Investment in patent costs	—	—	(88,306)
NET CASH (USED BY) INVESTING ACTIVITIES	—	—	(99,637)
Issuance of common stock shares from private placements	—	—	1,754
Issuance of common stock shares for warrants	—	—	18,470
Issuance of notes payable	48,604	—	782,522
Retirement of notes payable	(142,735)	—	(370,285)
Paid in capital from private placements and warrants	—	—	992,471
Capital contributions	—	18,450	462,774
Common stock shares repurchased with cash	—	—	(9,644)
Unpaid capital contributions (note 3)	1,602	59,751	(120,350)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(92,529)	78,201	1,757,712

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NET (DECREASE) IN CASH	487	—	671
	184	—	—
	\$671	\$—	\$671
Interest paid	\$—	\$1,188	\$16,052
Income taxes paid	\$—	\$—	\$—

(6)

Table of Contents

REVOLUTIONARY CONCEPTS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS as of June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations - Revolutionary Concepts, Inc. (the “Company”) was originally organized in North Carolina on March 12, 2004. On February 28, 2005 the Company was reorganized and re-domiciled as a Nevada corporation. The Company is in the product development stage. Recently, the Company completed the initial development of a working prototype of the EyeTalk Communicator (“EyeTalk”). This technology has many applications. The EyeTalk specifically provides wireless technology that offers consumers an opportunity to interact with visitors to their front door. This is initiated through a doorbell or a motion sensor, which sets off a series of events that result in a phone call to the consumer who then can interact with the visitor through both video and audio. This same wireless technology could also be made portable so that you could see a child’s sporting event or school play even when you not present. The Company is also exploring other applications for the technology. The Company may need to raise additional capital to further develop the EyeTalk and to begin the commercialization of the EyeTalk technology. They have obtained a patent on certain key components of the technology.

Basis of presentation - These financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements on a going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future. The Company maintains its financial records on an accrual method of accounting. The Company’s ability to continue as a going concern is dependent upon continued ability to obtain financing to repay its current obligations and fund working capital until it is able to achieve profitable operations. The Company will seek to obtain capital from equity financing through the exercise of warrants and through future common share private placements. The Company may also seek debt financing, if available. Management hopes to realize sufficient sales in future years to achieve profitable operations. There can be no assurance that the Company will be able to raise sufficient debt or equity capital on satisfactory terms. If management is unsuccessful in obtaining financing or achieving profitable operations, the Company may be required to cease operations. The outcome of these matters cannot be predicted at this time. These financial statements do not give effect to any adjustments which could be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

Revenue recognition – The Company will recognize sales revenue at the time of delivery when ownership has transferred to the customer, when evidence of a payment arrangement exists and the sales proceeds are determinable

and collectable. Provisions will be recorded for product returns based on historical experience. There was no revenue generated during the six months ended June 30, 2011.

(7)

Table of Contents

Options and warrants issued – The Company allocates the proceeds received from equity financing and the attached options and warrants issued, based on their relative fair values, at the time of issuance. The amount allocated to the options and warrants is recorded as additional paid in capital.

Stock-based compensation – The Company accounts for stock-based compensation at fair value in accordance with the provisions of the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”) Topic 718, “Stock Compensation”, which establishes accounting for stock-based payment transactions for employee services and goods and services received from non-employees. Under the provisions of ASC Topic 718, stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the award, and is recognized as expense in the consolidated statements of operations pro ratably over the employee’s or non-employee’s requisite service period, which is generally the vesting period of the equity grant. The fair value of stock option awards is generally determined using the Black-Scholes option-pricing model. Restricted stock awards and units are valued using the market price of the Company’s common stock on the grant date. Additionally, stock-based compensation cost is recognized based on awards that are ultimately expected to vest, therefore, the compensation cost recognized on stock-based payment transactions is reduced for estimated forfeitures based on the Company’s historical forfeiture rates. Additionally, no stock-based compensation costs were capitalized for the three months ended March 31, 2011 and 2010. For the periods from inception (March 12, 2004) to June 30, 2011, no stock options were committed to be issued to employees.

Income taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards that are available to be carried forward to future years for tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. When it is not considered to be more likely than not that a deferred tax asset will be realized, a valuation allowance is provided for the excess. Although the Company has significant loss carry forwards available to reduce future income for tax purposes, no amount has been reflected on the balance sheet for deferred income taxes as any deferred tax asset has been fully offset by a valuation allowance.

Loss per share – Basic loss per share has been calculated using the weighted average number of common shares issued and outstanding during the year.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions, where applicable, that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect such variances, if any, to have a material effect on the

financial statements.

Research and Development Costs - Research and development costs are expensed as incurred in accordance with generally accepted accounting principles in the United States of America. *Research* is planned search or critical investigation aimed at discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about a significant improvement to an existing product or process. Development is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design, and testing of product alternatives, construction of prototypes, and operation of pilot plants. It does not include routine or periodic alterations to existing products, production lines, manufacturing processes, and other on-going operations even though those alterations may represent improvements and it does not include market research or market testing activities. Elements of costs shall be identified with research and development activities as follows: The costs of materials and equipment or facilities that are acquired or constructed for research and development activities and that have alternative future uses shall be capitalized as tangible assets when acquired or constructed. The cost of such materials consumed in research and development activities and the depreciation of such equipment or facilities used in those activities are research and development costs. However, the costs of materials, equipment, or facilities that are acquired or constructed for a particular research and development project and that have no alternative future uses and therefore no separate economic values are research and development costs at the time the costs are incurred. Salaries, wages, and other related costs of personnel engaged in research and development activities shall be included in research and development costs. The costs of contract services performed by others in connection with the research and development activities of an enterprise, including research and development of 1934, as amended (the "Exchange Act"), the rules and regulations thereunder and the applicable rules of the stock exchange or stock market on which the Company's securities are traded or quoted, subject to any permitted exceptions thereunder. At least one of the Committee members must satisfy the financial sophistication requirements of the listing standards of the Nasdaq Stock Market, and the Committee shall use diligent efforts to assure that at least one member qualifies as an "audit committee financial expert", as defined by rules of the Securities and Exchange Commission ("SEC").

Committee members, including the chairperson, shall be elected by the Board at the annual meeting of the Board of Directors on the recommendation of the Corporate Governance Committee. Members shall serve until their successors shall be duly elected and qualified.

III. MEETINGS AND PROCEDURES

The Audit Committee shall meet no less than four times per year, or more frequently as circumstances require. The Committee may request that members of management, representatives of the registered public accounting firm and others attend meetings and provide pertinent information, as necessary. In order to foster open communications, the Committee shall meet at such times as it deems appropriate or as otherwise required by applicable law, rules or regulations in separate executive sessions to discuss any matters that the Committee believes should be discussed privately.

Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the Company's By-laws, unless otherwise stated by resolution of the Board of Directors.

IV. Responsibilities and Duties

A. General Matters

1. The Committee, in its capacity as a committee of the Board of Directors, shall be directly responsible for the appointment, compensation, retention (including termination) and oversight of the work of the registered public accounting firm (including resolution of disagreements between management and the registered public accounting firm regarding financial reporting) engaged for the purpose of preparing or issuing its audit report or related work. The registered public accounting firm shall report directly to and be accountable to the Committee.
2. To the extent required by applicable law, rules and regulations, the Committee shall pre-approve all auditing services and non-audit services (including the fees and terms thereof) permitted to be provided by the Company's registered public accounting firm contemporaneously with the audit, subject to certain de minimus exceptions for permitted non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which shall be approved by the Committee prior to the completion of the audit.
3. The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Committee shall determine the extent of funding necessary for payment of (i) compensation to the registered public accounting firm for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any independent counsel and other advisers retained to advise the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
4. The Committee may form subcommittees consisting of one or more members and delegate to such subcommittees authority to perform specific functions, including without limitation pre-approval of audit and non-audit services, to the extent permitted by applicable law, rules and regulations.

B. Oversight of the Company's Relationship with the Auditors

With respect to any registered public accounting firm that proposes to perform audit services for the Company, the Committee shall:

1. On an annual basis, review and discuss all relationships the registered public accounting firm has with the Company in order to consider and evaluate the registered public accounting firm's continued independence. In connection with its review and discussions, the Committee shall: (i) ensure that the registered public accounting firm submits to the Committee a formal written statement (consistent with the Accounting Board independence standards as then in effect) delineating all relationships and services that may impact the objectivity and independence of the registered public accounting firm; (ii) discuss with the registered public accounting firm any disclosed relationship, services or fees (audit and non-audit related) that may impact the objectivity and independence of the registered public accounting firm; (iii) review the registered public accounting firm's statement of the fees billed for audit and non-audit related services, which statement shall specifically identify those fees required to be disclosed in the Company's annual proxy statement; (iv) satisfy itself as to the registered public accounting firm's independence; and (v) obtain and review a report by the registered public accountants describing their internal quality control procedures and any material issues raised by the most recent internal quality review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years and any steps taken to deal with such issues.

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2. Ensure the rotation of the lead (or coordinating) audit partner and other significant audit partners as required by applicable law, rules and regulations.
3. Establish clear hiring policies for employees or former employees of the registered public accounting firm proposed to be hired by the Company that meet the SEC regulations and the stock exchange listing standards. In addition, on an annual basis, confirm that the registered public accounting firm is not disqualified from performing any audit service for the Company due to the fact that any of the Company's chief executive officer, chief financial officer, controller, chief accounting officer (or a person serving in an equivalent position) was employed by that registered public accounting firm and participated in any capacity in the audit of the Company during the one-year period preceding the date of the initiation of the audit of the current year's financial statements.
4. Establish with the registered public accounting firm, the scope and plan of the work to be performed by the registered public accounting firm as part of the audit for the fiscal year.

C. Financial Statements and Disclosure Matters

With respect to the Company's financial statements and other disclosure matters, the Committee shall:

1. Review and discuss with management and the registered public accounting firm the Company's quarterly financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.
2. Review and discuss with management and the registered public accounting firm, the Company's annual audited financial statements and the report of the registered public accounting firm thereon and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.
3. Review and discuss all material correcting adjustments identified by the registered public accounting firm in accordance with generally accepted accounting principles and SEC rules and regulations which are reflected in each annual and quarterly report that contains financial statements, and that are required to be prepared in accordance with (or reconciled to) generally accepted accounting principles under Section 13(a) of the Exchange Act and filed with the SEC.
4. Review and discuss all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that have or are reasonably likely to have a current or future effect on financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources, which are required to be disclosed in response to Item 303, Management's Discussion and Analysis of Financial Condition and Results of Operation, of Regulation S-K.
5. Discuss with management and the registered public accounting firm significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any judgments about the quality, appropriateness and acceptability of the Company's accounting principles, clarity of financial statement disclosures, significant changes in the Company's selection or application of accounting principles and any other significant changes to the Company's accounting principles and financial disclosure practices which are suggested by the registered public accounting firm or management.
6. Review with management, the registered public accounting firm, and the Company's counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant

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impact on the Company's financial statements, including significant changes in accounting standards or rules as promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities with relevant jurisdiction.

7. The review and discussions hereunder with respect to audits performed by the registered public accounting firm shall include the matters required to be discussed by the Accounting Board auditing standards then in effect. These matters would include the auditor's responsibility under generally accepted auditing standards, the Company's significant accounting policies, management's judgments and accounting estimates, significant audit adjustments, the auditor's responsibility for information in documents containing audited financial statements (e.g., MD&A), disagreements with management, consultation by management with other accountants, major issues discussed with management prior to retention of the auditor and any difficulties encountered in the course of the audit work.
8. Receive and review all other reports required under the Exchange Act to be provided to the Committee by the registered public accounting firm including, without limitation, reports on (i) all critical accounting policies and practices used by the Company, (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm, and (iii) all other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.
9. Following completion of its review of the annual audited financial statements, recommend to the Board of Directors, if appropriate, that the Company's annual audited financial statements and the report of the registered public accounting firm thereon be included in the Company's annual report on Form 10-K filed with the SEC.
10. Prepare the Audit Committee report required by the SEC to be included in the Company's annual proxy statement and any other Committee reports required by applicable laws, rules and regulations.

D. Internal Audit Function, Disclosure Controls and Internal Controls

With respect to the Company's internal audit function, disclosure controls and internal controls and procedures for financial reporting:

1. In consultation with management and the registered public accounting firm, review and assess the adequacy of the Company's internal controls and procedures for financial reporting and the procedures designed to assess, monitor and manage business risk and legal and ethical compliance programs.
2. When applicable, review management's report on internal controls and procedures for financial reporting purposes required to be included in the Company's Annual Report of Form 10-K.
3. When applicable, review the registered public accounting firm's attestation to management's report included in the Annual Report on Form 10-K evaluating the Company's internal controls and procedures for financial reporting.
4. Review and discuss any disclosures made by the Company's CEO and CFO to the Committee (as a result of their evaluation as of the end of each fiscal quarter of the Company's effectiveness of the disclosure controls and procedures and its internal controls and procedures for financial reporting) related to (i) any significant deficiencies in the design or operation of internal controls and any material weaknesses in the Company's internal controls,

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and (ii) any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls and procedures for financial reporting.

5. Establish and review procedures within the time period required by applicable law, rules and regulations for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

E. Other Miscellaneous Matters

The Committee shall also have responsibility to:

1. Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
2. Review and discuss all corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.
3. Review and approve all related-party transactions, unless otherwise delegated to another committee of the Board of Directors consisting solely of independent directors.
4. If required by applicable law, rules or regulations, review and approve (i) the adoption of and any change or waiver in the Company's code of business conduct and ethics for directors, senior financial officers (including the principal executive officer, the principal financial officer, principal accounting officer, controller, or persons performing similar functions) or employees, and (ii) any disclosure made in the manner permitted by SEC rules which is required to be made regarding such change or waiver, unless these duties are otherwise delegated to another committee of the Board of Directors consisting solely of independent directors.
5. Review and discuss with management and the registered public accounting firm the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures (including management's risk assessment and risk management policies).
6. Review with management and the registered public accounting firm the sufficiency in number and the quality of financial and accounting personnel of the Company.
7. Review and reassess the adequacy of this Charter annually and recommend to the Board any changes or amendments the Committee deems appropriate.
8. Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.

PRESSURE BIOSCIENCES, INC.
NOMINATING COMMITTEE CHARTER

A. Purpose

The purpose of the Nominating Committee (the "Nominating Committee") of the Board of Directors (the "Board") of Pressure BioSciences, Inc., a Massachusetts corporation (the "Company"), is to (i) identify, review and evaluate individuals qualified to serve on the Board; (ii) recommend to the Board the persons to be nominated by the Board for election as directors at any annual or special meeting of stockholders or to fill any vacancies on the Board; and (iii) recommend to the Board the persons to serve on other committees of the Board.

B. Structure and Membership

1. *Number.* The Nominating Committee shall consist of such number of directors as the Board shall from time to time determine.
2. *Independence.* Except as otherwise permitted by the applicable rules of NASDAQ, each member of the Nominating Committee shall be "independent" as defined by such rules.
3. *Chairperson.* Unless the Board elects a chairperson of the Nominating Committee, the members of the Nominating Committee shall elect a chairperson by majority vote.
4. *Compensation.* The compensation, if any, of all Nominating Committee members for service on the Nominating Committee shall be as determined by the Board.
5. *Selection and Removal.* Members of the Nominating Committee shall be appointed by the Board. The Board may remove members of the Nominating Committee from such committee, with or without cause.

C. Authority and Responsibilities

The operation of the Nominating Committee will be subject to the provisions of the Bylaws of the Company, as in effect from time to time, and to applicable provisions of the Massachusetts General Laws. The Nominating Committee will have the power and authority to carry out the following responsibilities:

1. *Selection of Director Nominees.* Identify the persons to be nominated by the Board for election as directors at any annual or special meeting of stockholders and identify for appointment by the Board persons to fill any vacancies on the Board, except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors. The Nominating Committee may consider nominees for director recommended by the Company's stockholders and from other sources, such as other directors, officers, third party search firms or other appropriate sources. Nominations must be made in accordance with the Company's Bylaws and any other policies adopted by the Nominating Committee from time to time;
2. *Criteria for Selecting Directors.* Develop criteria and qualifications for selecting directors. For all potential candidates, the Nominating Committee shall consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, possible conflicts of interest, diversity, the extent to which the

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candidate would fill a present need on the Board, and concern for the long term interests of the stockholders;

3. *Search Firms and Other Experts.* Retain or terminate any search firm or other expert to be used to identify and review candidates to serve as director nominees. The Nominating Committee shall also have the authority to approve the fees and other retention terms of any search firm or other expert, and is empowered, without further action by the Board, to cause the Company to pay the compensation of any search firm or expert engaged by the Nominating Committee;
4. *Candidate Recommendations.* Make recommendations to the Board regarding candidates for membership on the Board and committees thereof;
5. *Board Composition Recommendations.* Make recommendations to the Board regarding overall Board composition and makeup; and
6. *Miscellaneous.* Perform such other functions and have such power as may be necessary or convenient in the efficient discharge of the foregoing.

D. Procedures and Administration

1. *Meetings.* The Nominating Committee shall meet as often as it deems necessary in order to perform its responsibilities and shall keep such records of its meetings as it shall deem appropriate. Meetings may be held in person, by telephone or by videoconference. A majority of the members present shall constitute a quorum. The Nominating Committee may take action by written consent.
2. *Subcommittees.* The Nominating Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. *Reports to the Board.* The Nominating Committee shall report to the Board at such times as it deems appropriate and as the Board may require from time to time.
4. *Charter.* The Nominating Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. *Independent Advisors.* The Nominating Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Nominating Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Nominating Committee.
6. *Investigations.* The Nominating Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Nominating Committee or any advisors engaged by the Nominating Committee.

E. Availability of Charter

This Charter shall be made available on the Company's website or shall be included as an appendix to the Company's proxy statement in accordance with the applicable rules of the Securities and Exchange Commission.

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**PROXY
PRESSURE BIOSCIENCES, INC.**

The undersigned hereby appoint Matthew S. Gilman, Steven R. London and Richard T. Schumacher, acting singly, with full power of substitution, attorneys and proxies to represent the undersigned at the 2004 Special Meeting in Lieu of Annual Meeting of Stockholders of Pressure BioSciences, Inc. to be held on Thursday, December 30, 2004 and at any adjournment(s) or postponement(s) thereof, with all power which the undersigned would possess if personally present, and to vote all shares of stock which the undersigned may be entitled to vote at said meeting upon the matters set forth in the Notice of and Proxy Statement for the Meeting in accordance with the following instructions and with discretionary authority upon such other matters as may come before the Meeting. All previous proxies are hereby revoked.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. IT WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED AND IF NO DIRECTION IS INDICATED, IT WILL BE VOTED FOR THE ELECTION OF THE NOMINEES AS DIRECTORS.

(Please return this proxy to the Company by mail or by hand in enclosed envelope)

ý Please indicate your vote below, as in this example.

The Board of Directors recommends a vote FOR the election of the nominees as directors.

1. Election of Directors:

Nominees: J. Donald Payne and P. Thomas Vogel

- FOR ALL NOMINEES
- FOR ALL NOMINEES EXCEPT AS NOTED ABOVE
- WITHHOLD AUTHORITY TO VOTE FOR ALL NOMINEES

If you wish to withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list shown above.

MARK HERE FOR ADDRESS
CHANGE AND NOTE SUCH
CHANGE AT LEFT

(Signatures should be the same as the name printed hereon. Executors, administrators, trustees, guardians, attorneys, and officers of corporations should add their titles when signing).

Signature: _____ Title: _____ Date: _____

Signature: _____ Title: _____ Date: _____

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[NOTICE OF SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF STOCKHOLDERS](#)

[PROXY STATEMENT FOR THE SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF STOCKHOLDERS](#)

[PROPOSAL NO. 1 ELECTION OF DIRECTORS](#)

[APPENDIX A](#)

[APPENDIX B](#)

[PROXY PRESSURE BIOSCIENCES, INC.](#)