UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 21, 2017

Skyline Medical Inc.
(Exact name of Registrant as Specified in its Charter)

Delaware	**001-36790**	**33-1007393**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2915 Commers Drive, Suite 900 **Eagan, Minnesota** (Address of Principal Executive Offices)	**55121** (Zip Code)

Registrant's telephone number, including area code: **(651) 389-4800**

Former Name or Former Address, if Changed Since Last Report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Item 8.01 Other Events.

Entry into Letter of Intent with CytoBioscience, Inc.

On July 21, 2017, Skyline Medical Inc. (the "Company," "we," or "our") entered into a letter of intent with CytoBioscience, Inc., pursuant to which our wholly owned subsidiary would merge with and into CytoBioscience. After such merger, CytoBioscience would be our wholly owned subsidiary. CytoBioscience creates and manufactures devices used in human cell research focused on new therapeutic drug development and has a well-known scientific and technical staff, collaborative partnerships with leading pharmaceutical companies and strategic alliances with key groups and academic institutions

In consideration of the merger, we would issue to CytoBioscience's stockholders (i) shares of our common stock equal to 19.8% of our outstanding shares at the time of the merger (less the amount of our shares that are subject to option agreements with employees of CytoBioscience issued or assumed by us at the time of the merger), (ii) shares of Class C Preferred Stock, (iii) shares of Class D Preferred Stock; and (iv) shares of Class E Preferred stock. The Class C, Class D and Class E Preferred Stock issued in the merger will be non-convertible, non-voting shares (subject to limited, customary protective provisions), and the Class C and Class D Preferred Stock will have a liquidation preference. The Preferred Stock will be subject to such other rights and preferences agreed upon by us and CytoBioscience. The parties intend to consummate the merger prior to September 30, 2017.

The letter of intent contemplates that our Board of Directors will now consist of seven directors, and CytoBioscience will have the right to designate two persons to our Board of Directors, and James Garvin, Ph.D., will become our president. Our officers will continue to remain in the same offices after the closing of the merger.

Completion of the merger is subject to execution of a definitive merger agreement and certain conditions to closing, including the receipt of all approvals and consents of governmental bodies, lenders, lessors and third parties, no material adverse changes in the business of CytoBioscience prior to the closing, no pending or threatened litigation regarding the merger, appropriate employment and inducement agreements are executed with employees of CytoBioscience, conversion of all debt and warrants of CytoBioscience into the right to receive the merger consideration, approval by the stockholders of CytoBioscience of the merger, and other customary conditions.

On August 1, 2017, Skyline Medical Inc. issued a press release announcing the letter of intent. A copy of the press release is attached as Exhibit 99.1 to this report and incorporated herein by reference. The above description of the letter of intent is qualified in its entirety by reference to the letter of intent, a copy of which is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Updated Risk Factors

An updated set of risk factors for Skyline Medical Inc. is filed as Exhibit 99.3 to this Current Report on Form 8-K and is incorporated herein by reference. This disclosure updates our publicly available risk factors, previously disclosed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016 to take into account risks related to our proposed merger transaction with CytoBioscience, Inc. and other updates.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press release dated August 1, 2017
99.2	Binding Letter of Intent with CytoBioscience, Inc. dated July 21, 2017
99.3	Risk Factors Updated Through August 1, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SKYLINE MEDICAL INC.

By: /s/ Bob Myers
Name: Bob Myers
Title: Chief Financial Officer

Date: August 1, 2017

Exhibit 99.1

Skyline Medical Signs Binding Letter of Intent for Merger Transaction with CytoBioscience

MINNEAPOLIS, Aug. 01, 2017 (GLOBE NEWSWIRE) -- Skyline Medical Inc. (NASDAQ:SKLN) ("Skyline" or "the Company"), producer of the FDA-approved STREAMWAY® System for automated, direct-to-drain medical fluid disposal, announces the signing of a binding letter of intent for a merger transaction with CytoBioscience, a privately held biomedical company. The letter of intent is subject to entering into a definitive merger agreement.

CytoBioscience creates and manufactures devices used in human cell research focused on new therapeutic drug development and has a well-known scientific and technical staff, collaborative partnerships with leading pharmaceutical companies and strategic alliances with key groups and academic institutions. CytoBioscience has reported a current backlog of $6 million in orders and anticipated contract research work. Its ion channel instrument was selected by the FDA for its own cardiac safety testing on preclinical new drug compounds. Cytobioscience's board and management has extensive relationships with hospitals and government entities that it intends to leverage to open new markets for the Skyline STREAMWAY® System operating room safety products.

Dr. Carl Schwartz, the CEO of Skyline Medical, stated, "This is a great opportunity for both companies. The CytoBioscience group has a deep pipeline of projects and contracts underway and, assuming we complete the transaction, we look forward to using their forward motion as a springboard for our combined company to gain further traction in the marketplace."

The plan calls for an initial planning session between the leaders of the two groups, to lay out a combined operating and business strategy and forge a step by step plan of action for the next six months, with the work being repeated again six months later.

"I look forward to leading our teams, speaking on their behalf, and working to create an increasingly viable and growing corporate enterprise as well as adding to our presence in San Antonio as we grow our relationship with the Skyline team in Eagan, Minnesota. This is really a situation where one plus one equals three – and that is wonderful for all of us," said Dr. Garvin.

The merger is expected to close by September 30, 2017.

About CytoBioscience

CytoBioscience, who creates and manufactures devices used in human cell research, as well as does its contract research, focused on new therapeutic drug development and has a world-renowned scientific and technical staff, collaborative partnerships with leading pharmaceutical companies and strategic alliances with key groups and academic institutions and its technology is used exclusively by the FDA in its safety pharmacology work. The technology also helps to reduce the cost of drug development as well as save valuable time in the development effort. The company was founded in Germany and moved its headquarters and manufacturing to San Antonio, Texas in 2015. For additional information, please visit www.cytobioscience.com.

About Skyline Medical

Skyline Medical produces a fully automated, patented, FDA-cleared waste fluid disposal system that virtually eliminates staff exposure to blood, irrigation fluid and other potentially infectious fluids found in the healthcare environment. Antiquated manual fluid handling methods that require hand carrying and emptying filled fluid canisters present an exposure risk and potential liability. Skyline Medical's STREAMWAY System fully automates the collection, measurement and disposal of waste fluids and is designed to: 1) reduce overhead costs to hospitals and surgical centers; 2) improve compliance with OSHA and other regulatory agency safety guidelines; 3) improve efficiency in the operating room, and radiology and endoscopy departments, thereby leading to greater profitability; and 4) provide greater environmental stewardship by helping to eliminate the approximately 50 million potentially disease-infected canisters that go into landfills each year in the U.S. For additional information, please visit www.skylinemedical.com.

Forward-looking Statements

Certain of the matters discussed in this announcement contain forward-looking statements that involve material risks to and uncertainties in the Company's and Cytobioscience's business that may cause actual results to differ materially from those anticipated by the statements made herein. Such risks and uncertainties include, among other things, the inability of the companies to consummate the proposed merger; the companies experiencing unforeseen transaction and integration costs; the companies after the merger experiencing integration difficulties, such as managing customer relationships and retention, integrating management and employees, managing growth of the various business segments, and incompatibility of existing technologies and systems of the companies; current negative operating cash flows and a need for additional funding to finance our operating plans; the terms of any further financing, which may be highly dilutive and may include onerous terms; unexpected costs and operating deficits, and lower than expected sales and revenues; uncertain willingness and ability of customers to adopt new technologies and other factors that may affect further market acceptance, if our product offerings are not accepted by our potential customers, it is unlikely that we will ever become profitable; adverse economic conditions; adverse results of any legal proceedings; the volatility of our operating results and financial condition; inability to attract or retain qualified senior management personnel, in connection with the merger or otherwise, including sales and marketing personnel; our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to possibly license from others patents and patent applications necessary to develop products; our ability to implement our long range business plan for various applications of our technology; our ability to enter into agreements with any necessary marketing and/or distribution partners; the impact of competition, the obtaining and

maintenance of any necessary regulatory clearances applicable to applications of our technology; and management of growth and other risks and uncertainties that may be detailed from time to time in the Company's reports filed with the Securities and Exchange Commission, which are available for review at www.sec.gov. This is not a solicitation to buy or sell securities and does not purport to be an analysis of the Company's financial position. See the Company's most recent Annual Report on Form 10-K, and subsequent reports and other filings at www.sec.gov.

Contacts:

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SKYLINE MEDICAL INC.

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Exhibit 99.2

CONFIDENTIAL and BINDING LETTER OF INTENT

July 21, 2017

Re: Merger

Stock of CytoBioscience, Inc.

Gentlemen:

The purpose of this binding letter (the "Letter of Intent") is to set forth an understanding between and among CytoBioscience, Inc., a Delaware corporation (the "Prospective Seller"), and Skyline Medical, Inc., a Delaware corporation (the "Prospective Buyer"), with respect to a merger with Prospective Seller with and into a newly formed, wholly owned subsidiary of Prospective Buyer ("Merger Sub"). The foregoing is collectively referred to as the “Transaction.”

Until a fully integrated, definitive agreement (the "Merger Agreement") and other related documents have been prepared, authorized, executed and delivered by and between all parties, this Letter of Intent shall bind both parties to such an extent as stated herein unless terminated in compliance with Section 16 below.

1. **Basic Transaction**.

(a) Merger Consideration. The Prospective Seller will merge with and into Merger Sub with Prospective Buyer issuing shares of (i) common stock (“Common Stock”) in an aggregate amount of 19.8% of the then-outstanding Common Stock of the Prospective Buyer as of the closing date, subject to reduction for stock options assumed by the Prospective Buyer in the Transaction and any Common Stock subject to the inducement agreements contemplated in Section 4(e), to the shareholders of Prospective Seller as listed in Exhibit A of the Merger Agreement; (ii) Class C Preferred Stock to the listed shareholders and noteholders of Prospective Seller as listed in Exhibit A of the Merger Agreement; (iii) Class D Preferred Stock to the shareholders and noteholders of Prospective Seller as listed in Exhibit A of the Merger Agreement; and (iv) Class E Preferred stock to the shareholders of Prospective Seller as listed in Exhibit A of the Merger Agreement. The Class C, Class D and Class E Preferred Stock issued in the Transaction will be non-convertible, non-voting shares (subject to limited, customary protective provisions), and the Class C and Class D Preferred Stock will have a liquidation preference. The Preferred Stock will be subject to such other rights and preferences agreed upon by the Prospective Buyer and Prospective Seller.

(b) Governance Post-Closing. The Board of Directors of the Prospective Buyer will be comprised of seven directors, two of which shall be nominated by the Prospective Seller. The officers of the Prospective Buyer shall be as follows:

Carl Schwartz, Chief Executive Officer

James Garvin, Ph.D., President

Bob Myers, Chief Financial Officer

Dave Johnson, Chief Operating Officer

(c) Timing. The parties intend to execute the Merger Agreement by August 1, 2017 and to close the Transaction as soon as possible thereafter, but in no event later than September 30, 2017 (the "Closing Date"). The Closing Date may be extended by the mutual consent of the Prospective Seller and the Prospective Buyer.

2. **Due Diligence**. The Prospective Buyer shall have a period of up to twenty (20) business days commencing on the day after the execution of this Letter of Intent (the "Due Diligence Period") to conduct an investigation of the prospects, business, assets, contracts, rights, liabilities and obligations of the Prospective Seller and its Subsidiaries, including financial, marketing, employee, legal, regulatory and environmental matters of the Prospective Seller and its Subsidiaries, to satisfy itself as to the desirability of proceeding with the Transaction and of the condition of the Prospective Seller and Subsidiaries, both financial and otherwise. During the Due Diligence Period, the Prospective Buyer shall have access to the books, records and all aspects of the business of the Prospective Seller and its Subsidiaries, all in accordance with the terms of Section 11 hereof. The Due Diligence Period may be extended by the mutual agreement of the parties.

3. **Proposed Form of Agreement**. The Prospective Buyer and the Prospective Seller shall expeditiously negotiate to reach a written Merger Agreement, subject to the approval of the Prospective Buyer's Board of Directors and stockholders and the Prospective Seller's Board of Directors and stockholders, if required by applicable law or any regulatory authority. The Merger Agreement shall provide for all matters of material concern within the scope of this Letter of Intent as well as comprehensive representations, warranties, indemnifications, conditions and agreements by the Prospective Seller and other appropriate third parties, if any. It is the intent of the parties hereto that they shall exercise their best efforts to conclude the Merger Agreement to achieve these objectives. The parties shall use their best efforts to resolve any conflict or inconsistency.

4. **Conditions to Transaction**. The parties intend to be bound by this Letter of Intent until the execution and delivery of the Merger Agreement which, if successfully negotiated, will provide that the Transaction will be subject to customary terms and conditions, including without limitation, the following:

(a) receipt of all necessary consents and approval of governmental bodies, lenders, lessors and other third parties;

(b) absence of any material adverse change in the Prospective Seller's and the Subsidiaries' business, financial condition, prospects, assets or operations;

(c) absence of pending or threatened litigation regarding the Merger Agreement or the transactions to be contemplated thereby;

(d) delivery of customary closing certificates and other documentation as shall be reasonably requested by the Prospective Buyer and Prospective Seller;

(e) employment and inducement agreements to employees of the Prospective Seller;

(f) receipt by Prospective Seller of a legal opinion in form reasonably acceptable to it that the Transaction qualifies as tax free reorganization under the provisions of the Internal Revenue Code, as amended;

(g) approval of the continued listing of Prospective Buyer’s common stock on the Nasdaq Capital Market (although the issuance of the shares in the Transaction will not be a registered offering under the Securities Act of 1933);

(h) conversion of all debt and warrants of Prospective Seller and its Subsidiaries into the right to receive the merger consideration in the Transaction;

(i) no shareholders of the Prospective Seller shall have notified the Prospective Seller of the exercise of their appraisal rights; and

(j) approval by the stockholders of Prospective Buyer and Prospective Seller as required by applicable laws or regulations.

5. **Proposed Employment Agreements**. On the Closing Date, certain employees of the Prospective Seller and/or the Subsidiaries designated by the Prospective Buyer would enter into acceptable employment and non-competition agreements with Prospective Buyer as noted in Section 4 (e).

6. **Expenses.** Each of the Prospective Buyer and the Prospective Seller shall be responsible for and bear all of its own costs and expenses (including any broker's, finder's, counsel and investment banking fees) incurred in connection with the Transaction, including expenses of its Representatives (as defined below) incurred at any time in connection with pursuing or consummating the Transaction.

7. **Exclusivity and Standstill**. For a period of 45 days after this Letter of Intent is fully executed, the Prospective Buyer shall have a period of exclusivity, which period shall be extended through the Closing Date in the event the Merger Agreement is executed. During such period, the Prospective Seller shall not, directly or indirectly, through any Representative or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any other person relating to the sale by the Prospective Seller or its Subsidiaries of their assets or businesses (or the equity interests thereof), in whole or in part, whether through direct purchase, merger, consolidation or other business combination (other than sales of inventory in the ordinary course).

8. **Governing Law**. This Letter of Intent, the terms of the Transaction and all other matters relating to the Transaction (including the Merger Agreement) will be governed by the laws of the State of Delaware, U.S.A., without regard to the conflicts of law provisions thereof.

9. **Board Approval**. This Letter of Intent will be subject to the approval by the Prospective Buyer's Board of Directors and by the Prospective Seller's Board of Directors.

10. **Merger Agreement**. The Prospective Buyer and its counsel shall be responsible for preparing the initial draft of the Merger Agreement. The Prospective Buyer and the Prospective Seller shall negotiate in good faith to arrive at a mutually acceptable Merger Agreement for approval, execution and delivery on or before August 1, 2017.

11. **Access**. The Prospective Seller shall provide to the Prospective Buyer complete access to the Prospective Seller's and the Subsidiaries' facilities, books and records, and shall cause the directors, executives, employees, accountants and other agents and representatives (collectively, the "Representatives") of the Prospective Seller and its Subsidiaries to cooperate fully with the Prospective Buyer and the Prospective Buyer's Representatives in connection with the Prospective Buyer's due diligence investigation of the Prospective Seller, its Subsidiaries and their assets, contracts, liabilities, operations, records, prospects and other aspects of their businesses. The Prospective Buyer shall be under no obligation to continue with its due diligence investigation or negotiations regarding the Merger Agreement if, at any time during or after the Due Diligence Period, the results of its due diligence investigation are not satisfactory to the Prospective Buyer for any reason in its sole discretion. In that case, the Prospective Buyer shall give a written notice to the Prospective Seller of its intent to terminate this Letter of Intent, and neither the Prospective Seller nor Prospective Buyer shall be under any further obligations with respect to this Letter of Intent, including but not limited to exclusivity under Section 7.

12. **Conduct of Business**. Until the earlier of the Merger Agreement being duly executed and delivered by all of the parties or the Letter of Intent being terminated pursuant to Section 16 below, the Prospective Seller and its Subsidiaries shall conduct their business only in the ordinary course, and shall not engage in any extraordinary transactions, without the Prospective Buyer's prior consent, including without limitation:

(i) disposing of any of their assets, except in the ordinary course of business;

(ii) materially increasing the annual level of compensation of any employee, and increasing the annual level of compensation of any person whose total compensation in the last preceding fiscal year exceeded $50,000, and granting any unusual or extraordinary bonuses, benefits or other forms of direct or indirect compensation to any employee, officer, director or consultant, except in amounts in keeping with past practices by formulas or otherwise;

(iii) increasing, terminating, amending or otherwise modifying any plan for the benefit of employees;

(iv) issuing any equity securities or options, warrants, rights or convertible securities;

(v) paying any dividends, redeeming any securities or otherwise causing assets to be distributed to any of their shareholders, except by way of compensation to employees who are also shareholders within the limitations set forth in subsection (ii) above; and

(vi) borrowing any funds, under existing credit lines or otherwise.

13. **Disclosure**. The parties hereto shall cooperate with each other to make a joint disclosure of the existence of discussions regarding the Transaction as proposed in this Letter of Intent, and the filing of a Current Report on Form 8-K by Prospective Buyer with the SEC, as expeditiously as possible and on terms mutually acceptable to the parties. The parties acknowledge that Prospective Buyer may determine to commence a private offering of securities to raise capital prior to the Closing Date pursuant to one or more offering exemptions of the Securities Act of 1933 (the "Financing"). Prospective Seller represents and warrants that none of the information to be supplied by or on behalf of Prospective Seller or its Subsidiaries in writing for inclusion or incorporation by reference into any offering memorandum of Prospective Buyer in connection with the Financing (any of such documents are referred to as "***Disclosure Documents***") will, at the time any such Disclosure Document is first delivered or become effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Notwithstanding the foregoing, no representation or warranty is made by Prospective Seller with respect to statements made or incorporated by reference in any Disclosure Document based on information supplied by any party other than any Prospective Seller or its Subsidiaries for inclusion or incorporation by reference in any Disclosure Document.

14. **Confidentiality**. The parties acknowledge and agree that the Confidentiality Agreement dated May 12, 2017 between Prospective Buyer and the Prospective Seller (the "Confidentiality Agreement") remains in full force and effect. For the sake of clarity, any information included in the Disclosure Documents that are approved in writing by Prospective Seller shall not violate the Confidentiality Agreement.

15. **Consents**. The Prospective Buyer and the Prospective Seller shall cooperate with each other and proceed, as promptly as is reasonably practicable, to seek to obtain all necessary consents and approvals from any government or regulating authorities or lenders, landlords, shareholders or other third parties, and to endeavor to comply with all other legal or contractual requirements for or preconditions to the execution and consummation of the Merger Agreement.

16. **Termination**. This Letter of Intent may be terminated:

(i) by mutual written consent of the Prospective Buyer and the Prospective Seller;

(ii) upon written notice by any party to the other party if the Merger Agreement has not been executed by August 1, 2017;

(iii) by either party when the other party is in default of this Letter of Intent; or

(iv) at any time by the Prospective Buyer if the Prospective Buyer shall determine in its sole discretion that the results of its due diligence investigation are not satisfactory in any respect.

Upon termination of this Letter of Intent, the Prospective Buyer and Prospective Seller shall have no further obligation hereunder, except that Sections 7, 13 and 14 shall survive such termination.

This Letter of Intent supersedes all prior understandings or agreements between the parties, and may be executed in counterparts.

Please sign this Letter of Intent in the space provided below to confirm the mutual agreements set forth herein, and return a signed copy to the undersigned.

Very truly yours,

CYTOBIOSCIENCE, INC.

By:	*/s/ James Garvin, Ph.D.*
Name:	James Garvin, Ph.D.
Title:	Chief Executive Officer

SKYLINE MEDICAL INC.

By:	*/s/ Bob Myers*
Name:	Bob Myers
Title:	Chief Financial Oficer

SKYLINE MEDICAL INC.
RISK FACTORS
August 1, 2017

This disclosure updates our publicly available risk factors, previously disclosed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016 to take into account risks related to our proposed merger transaction with CytoBioscience, Inc. and other updates. References to "we," "our," "us," the "Company," "Skyline," or similar references refer to Skyline Medical Inc., a Delaware corporation.

You should carefully consider the risks described below before making an investment decision. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in our Annual Report on Form 10-K for the year ended December 31, 2016, including our financial statements and related notes, and in our quarterly and periodic reports subsequently filed with the SEC.

Risks Related to Our Business

We will require additional financing to finance operating expenses and fulfill our business plan. Such financing will be dilutive. Our independent public accounting firm has indicated in their audit opinion, contained in our financial statements, that they have serious doubts about our ability to remain a going concern.

We have not achieved profitability and anticipate that we will continue to incur net losses at least through the first two quarters of 2017. We had revenues of $456,000 in 2016, but we had negative operating cash flows of $4.4 million. In November 2016, we received net proceeds of $1.7 million from of our registered direct offering. Our cash and cash equivalents balance was $1.8 million as of December 31, 2016, and our accounts payable and accrued expenses were an aggregate $1.9 million. We are currently incurring negative operating cash flows of approximately $365,000 per month. Although we are attempting to curtail our expenses, there is no guarantee that we will be able to reduce these expenses significantly, and expenses for some periods may be higher as we prepare our product for broader sales, increase our sales efforts and maintain adequate inventories.

As of December 31, 2016, the Company had no debt. On January 19, 2017, we received net proceeds of $3.5 million from a public offering. Subsequently, in connection the underwriter exercised the over-allotment option in full; we received additional proceeds of $350,000 on February 22, 2017. Our cash and cash equivalents balance on January 31, 2017 was approximately $5.0 million.

We will require additional funding to finance operating expenses and to invest in our sales organization and new product development and to enter the international marketplace. We will attempt to raise these funds through equity or debt financing, alternative offerings or other means. If we are successful in securing adequate funding we plan to make significant capital or equipment investments, and we will also continue to make human resource additions over the next 12 months. Such additional financing will be dilutive to existing stockholders, and there is no assurance that such financing will be available upon acceptable terms. If such financing or adequate funds from operations are not available, we will be forced to limit our business activities, which will have a material adverse effect on our results of operations and financial condition.

Because of the above factors, our independent registered public accounting firm has indicated in their audit opinion, contained in our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, that they have serious doubts about our ability to continue as a going concern. The financial statements have been prepared assuming the Company will continue as a going concern. See Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" in our Annual Report on Form 10-K for the year ended December 31, 2016.

Our limited operating history makes evaluation of our business difficult.

We were formed on April 23, 2002 and to date have generated only moderate revenue year by year. Our ability to implement a successful business plan remains unproven and no assurance can be given that we will ever generate sufficient revenues to sustain our business. We have a limited operating history which makes it difficult to evaluate our performance. You must consider our prospects in light of these risks and the expenses, technical obstacles, difficulties, market penetration rate and delays frequently encountered in connection with the development of new businesses. These factors include uncertainty as to whether we will be able to:

- Be successful in uncertain markets;
- Respond effectively to competitive pressures;
- Successfully address intellectual property issues of others;
- Protect and expand our intellectual property rights; and
- Continue to develop and upgrade our products.

Our business is dependent upon proprietary intellectual property rights, which if we were unable to protect, could have a material adverse effect on our business.

We rely on a combination of patent, trade secret and other intellectual property rights and measures to protect our intellectual property. We currently own and may in the future own or license additional patent rights or trade secrets in the U.S., with non-provisional patents elsewhere in the world that cover certain of our products. We rely on patent laws and other intellectual property laws, nondisclosure and other contractual provisions and technical measures to protect our products and intangible assets. These intellectual property rights are important to our ongoing operations and no assurance can be given that any measure we implement will be sufficient to protect our intellectual property rights. Also, with respect to our trade secrets and proprietary know-how, we cannot be certain that the confidentiality agreements we have entered into with employees will not be breached, or that we will have adequate remedies for any breach. We may lose the protection afforded by these rights through patent expirations, legal challenges or governmental action. If we cannot protect our rights, we may lose our competitive advantage if these patents were found to be invalid in the jurisdictions in which we sell or plan to sell our products. The loss of our intellectual property rights could have a material adverse effect on our business.

If we become subject to intellectual property actions, this could hinder our ability to deliver our products and services and our business could be negatively impacted.

We may be subject to legal or regulatory actions alleging intellectual property infringement or similar claims against us. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of our technologies or businesses. Moreover, if it is determined that our products infringe on the intellectual property rights of third parties, we may be prevented from marketing our products. While we are currently not subject to any material intellectual property litigation, any future litigation alleging intellectual property infringement could be costly, particularly in light of our limited resources. Similarly, if we determine that third parties are infringing on our patents or other intellectual property rights, our limited resources may prevent us from litigating or otherwise taking actions to enforce our rights. Any such litigation or inability to enforce our rights could require us to change our business practices, hinder or prevent our ability to deliver our products and services, and result in a negative impact to our business. Expansion of our business via product line enhancements or new product lines to drive increased growth in current or new markets may be inhibited by the intellectual property rights of our competitors and/or suppliers. Our inability to successfully mitigate those factors may significantly reduce our market opportunity and subsequent growth.

We face significant competition, including competition from companies with considerably greater resources than ours, and if we are unable to compete effectively with these companies, our market share may decline and our business could be harmed.

Our industry is highly competitive with numerous competitors ranging from well-established manufacturers to innovative start-ups. A number of our competitors have significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources than we do. Their greater capabilities in these areas may enable them to compete more effectively on the basis of price and production and more quickly develop new products and technologies.

Our competitors include Cardinal Health, Inc., a medical manufacturer and distributor, and Stryker Instruments, a wholly owned subsidiary of Stryker Corporation, which has a leading position in our market. Both of these competitors are substantially larger than our company and are better capitalized than we are.

Companies with significantly greater resources than ours may be able to reverse engineer our products and/or circumvent our intellectual property position. Such action, if successful, would greatly reduce our competitive advantage in the marketplace.

We believe that our ability to compete successfully depends on a number of factors, including our technical innovations of unlimited suction and unlimited capacity capabilities, our innovative and advanced research and development capabilities, strength of our intellectual property rights, sales and distribution channels and advanced manufacturing capabilities. We plan to employ these and other elements as we develop our products and technologies, but there are many other factors beyond our control. We may not be able to compete successfully in the future, and increased competition may result in price reductions, reduced profit margins, loss of market share and an inability to generate cash flows that are sufficient to maintain or expand our development and marketing of new products, which could adversely impact the trading price of the shares of our common stock.

Our business is subject to intense governmental regulation and scrutiny, both in the U.S. and abroad.

The production, marketing, and research and development of our product is subject to extensive regulation and review by the FDA and other governmental authorities both in the United States and abroad. In addition to testing and approval procedures, extensive regulations also govern marketing, manufacturing, distribution, labeling, and record keeping. If we do not comply with applicable regulatory requirements, violations could result in warning letters, non-approvals, suspensions of regulatory approvals, civil penalties and criminal fines, product seizures and recalls, operating restrictions, injunctions, and criminal prosecution.

Periodically, legislative or regulatory proposals are introduced that could alter the review and approval process relating to medical products. It is possible that the FDA will issue additional regulations further restricting the sale of our present or proposed products. Any change in legislation or regulations that govern the review and approval process relating to our current and future products could make it more difficult and costly to obtain approval for new products, or to produce, market, and distribute existing products.

If our product is not accepted by our potential customers, it is unlikely that we will ever become profitable.

The medical industry has historically used a variety of technologies for fluid waste management. Compared to these conventional technologies, our technology is relatively new, and the number of companies using our technology is limited. The commercial success of our product will depend upon the widespread adoption of our technology as a preferred method by hospitals and surgical centers. In order to be successful, our product must meet the technical and cost requirements for these facilities. Market acceptance will depend on many factors, including:

- the willingness and ability of customers to adopt new technologies;
- our ability to convince prospective strategic partners and customers that our technology is an attractive alternative to conventional methods used by the medical industry;
- our ability to select and execute agreements with effective distributors to market and sell our product; and
- our ability to assure customer use of the Skyline proprietary cleaning fluid and in-line filter.

Because of these and other factors, our product may not gain market acceptance or become the industry standard for the health care industry. The failure of such companies to purchase our products would have a material adverse effect on our business, results of operations and financial condition.

If demand for our product is unexpectedly high, there is no assurance that there will not be supply interruptions or delays.

We are currently manufacturing the STREAMWAY SYSTEM, following GMP compliance regulations of the FDA, at our own facility and anticipate the capability of producing the STREAMWAY SYSTEM in sufficient quantities for future near term sales. We have contracted with a manufacturing company that can manufacture products at higher volumes. However, if demand for our product is unexpectedly high, there is no assurance that we or our manufacturing partners will be able to produce the product in sufficiently high quantity to satisfy demands. Any supply interruptions or inadequate supply would have a material adverse effect on our results of operations.

We are dependent on a few key executive officers for our success. Our inability to retain those officers would impede our business plan and growth strategies, which would have a negative impact on our business and the value of an investment.

Our success depends on the skills, experience and performance of key members of our management team. We heavily depend on our management team: Carl Schwartz, our Chief Executive Officer, David O. Johnson, our Chief Operating Officer, and Bob Myers, our Chief Financial Officer. We have entered into employment agreements with both the COO and the CFO of the senior management team and we may expand the relatively small number of executives in our company. We expect to offer remuneration to Dr. Schwartz, our CEO, at an unspecified time in the future when the Company cash flows are sufficient. Were we to lose one or more of these key individuals, we would be forced to expend significant time and money in the pursuit of a replacement, which could result in both a delay in the implementation of our business plan and the diversion of our limited working capital. We can give you no assurance that we can find satisfactory replacements for these key individuals at all, or on terms that are not unduly expensive or burdensome to our company.

Our success is dependent on our ability to attract and retain technical personnel, sales and marketing personnel, and other skilled management.

Our success depends to a significant degree on our ability to attract, retain and motivate highly skilled and qualified personnel. Failure to attract and retain necessary technical, sales and marketing personnel and skilled management could adversely affect our business. If we fail to attract, train and retain sufficient numbers of these highly-qualified people, our prospects, business, financial condition and results of operations will be materially and adversely affected.

Costs incurred because we are a public company may affect our profitability.

As a public company, we incur significant legal, accounting, and other expenses, and we are subject to the SEC's rules and regulations relating to public disclosure that generally involve a substantial expenditure of financial resources. In addition, the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC, requires changes in corporate governance practices of public companies. We expect that full compliance with such rules and regulations will significantly increase our legal and financial compliance costs and make some activities more time-consuming and costly, which may negatively impact our financial results. To the extent our earnings suffer as a result of the financial impact of our SEC reporting or compliance costs, our ability to develop an active trading market for our securities could be harmed.

An attorney has sent demand letters to the Board of Directors in a matter involving the possible failure to obtain valid shareholder approval of an amendment to the Company's stock plan, which could result in litigation or a violation of Nasdaq listing standards.

In July 2017, an attorney sent demand letters to the Board of Directors purporting to represent stockholders of the Company. The letter claims that Skyline failed to obtain valid shareholder approval at its July 2016 annual meeting for an amendment to the 2012 Stock Incentive Plan that increased the plan's share reserve. As a result, the lawyer claims that Skyline stock option grants since July 2016 have not been properly approved, constituting a breach of the directors' fiduciary duties. The attorney's claim relates to the fact that the sum of the abstentions and "no" votes on the proposal for the plan amendment exceeded the number of "yes" votes. The Company is investigating the claims in the letter, including the possibility that the granting of stock options in excess of the properly approved plan limitation may have constituted a violation of applicable Nasdaq listing rules. The Company is also investigating possible corrective action. The Company does not believe that this legal matter will have a material adverse effect on its financial condition or results of operation. However, matters involving litigation are inherently uncertain. Further, there is no assurance that Nasdaq will not assert that there has been a violation of its listing standards, which would result in Nasdaq providing us with a deficiency letter and would require that we present Nasdaq with a plan of compliance to correct the asserted violation. If we fail to correct any such asserted violation, our common stock may be de-listed from the Nasdaq Stock Market.

Risks Related to Our Securities

Limitations on director and officer liability and indemnification of our officers and directors by us may discourage stockholders from bringing suit against a director.

Our certificate of incorporation and bylaws provide, with certain exceptions as permitted by governing state law, that a director or officer shall not be personally liable to us or our stockholders for breach of fiduciary duty as a director, except for acts or omissions which involve intentional misconduct, fraud or knowing violation of law, or unlawful payments of dividends. These provisions may discourage stockholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by stockholders on our behalf against a director. In addition, our certificate of incorporation and bylaws may provide for mandatory indemnification of directors and officers to the fullest extent permitted by governing state law.

We do not expect to pay dividends for the foreseeable future, and we may never pay dividend; investors must rely on stock appreciation for any return on investment in the Company's common stock.

We currently intend to retain any future earnings to support the development and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including but not limited to, our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. In addition, our ability to pay dividends on our common stock may be limited by state law. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize certain returns on their investment. As a result, investors must rely on stock appreciation and a liquid trading market for any return on investment in the Company's common stock.

Shares eligible for future sale may adversely affect the market.

From time to time, certain stockholders may be eligible to sell some or all of their shares of common stock pursuant to Rule 144, promulgated under the Securities Act subject to certain limitations. In general, pursuant to Rule 144 as in effect as of the date of this registration statement, a stockholder (or stockholders whose shares are aggregated) who has satisfied the applicable holding period and is not deemed to have been one of our affiliates at the time of sale, or at any time during the three months preceding a sale, may sell their shares of common stock. Any substantial sale, or cumulative sales, of our common stock pursuant to Rule 144 or pursuant to any resale prospectus may have a material adverse effect on the market price of our securities.

We expect volatility in the price of our common stock, which may subject us to securities litigation.

If established, the market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. In addition, there is no assurance that the price of our common stock will not be volatile. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

Our Board of Directors' ability to issue undesignated preferred stock and the existence of anti-takeover provisions may depress the value of our common stock.

Our authorized capital includes 20 million shares of preferred stock. Of this amount, 18,950 shares have been designated as Series B Convertible Preferred Stock and the remaining authorized shares are undesignated preferred stock. Our Board of Directors has the power to issue any or all of the shares of undesignated preferred stock, including the authority to establish one or more series and to fix the powers, preferences, rights and limitations of such class or series, without seeking stockholder approval. Further, as a Delaware corporation, we are subject to provisions of the Delaware General Corporation Law regarding "business combinations." We may, in the future, consider adopting additional anti-takeover measures. The authority of our Board of Directors to issue undesignated stock and the anti-takeover provisions of Delaware law, as well as any future anti-takeover measures adopted by us, may, in certain circumstances, delay, deter or prevent takeover attempts and other changes in control of the company not approved by our Board of Directors. As a result, our stockholders may lose opportunities to dispose of their shares at favorable prices generally available in takeover attempts or that may be available under a merger proposal and the market price, voting and other rights of the holders of common stock may also be affected.

Future sales and issuances of our common stock or rights to purchase common stock could result in additional dilution of the percentage ownership of our stockholders and could cause our share price to fall.

We also expect that significant additional capital will be needed in the future to continue our planned operations. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities, or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders. In addition, in the past, we have issued warrants to acquire shares of common stock. To the extent these warrants are ultimately exercised, you will sustain further dilution.

Future sales of our common stock in the public market may cause our stock price to decline and impair our ability to raise future capital through the sale of our equity securities.

There are a substantial number of shares of our common stock held by stockholders who owned shares of our capital stock prior to this offering that may be able to sell in the public market upon expiration of the 90-day lock-up agreement they signed in connection with the Company's public offering which was consummated in August 2015. Sales by such stockholders of a substantial number of shares could significantly reduce the market price of our common stock.

Our Board of Directors' ability to issue "blank check" preferred stock and any anti-takeover provisions we adopt may depress the value of our common stock.

Our certificate of incorporation authorizes 20,000,000 shares of "blank-check" preferred stock, of which 19,920,754 remain available for issuance. Our Board of Directors has the power to issue any or all of the shares of such preferred stock, including the authority to establish one or more series and to fix the powers, preferences, rights and limitations of such class or series, without seeking the approval of our common stockholders, subject to certain limitations on this power under the listing requirements of The NASDAQ Capital Market and the laws of the state of Delaware. The authority of our Board of Directors to issue "blank-check" preferred stock, along with any future anti-takeover measures we may adopt, may, in certain circumstances, delay, deter or prevent takeover attempts and other changes in control of us not approved by our Board of Directors. Thus, our stockholders may lose opportunities to dispose of their shares of our common stock at favorable prices generally available in takeover attempts or that may be available under a merger proposal and the market price of our common stock and the voting and other rights of our stockholders may also be affected.

We have not included the securities of certain investors in the registration statement for the Company's unit offering that closed on January 19, 2017, despite the fact that such investors have registration rights, and if they assert claims against us, such claims could have an adverse effect on us.

On November 25, 2016, the Company conducted a registered direct offering in which three investors purchased units that included warrants (the "Series C Warrants") to purchase up to an aggregate of 756,999 shares of our common stock (the "Series C Warrant Shares") at an exercise price of $4.46 per share. The Series C Warrants have a term of five years and will be exercisable starting May 25, 2017. The agreements for the Series C Warrants granted piggy-back registration rights to the holders that, by their terms, required the Company to include the Series C Warrant Shares in the registration statement for the Company's unit offering that closed on January 19, 2017. The Company did not include the Series C Warrant Shares in such registration statement, because the Series C Warrants were not yet exercisable, and therefore the underlying shares could not be sold in that offering. Instead, the Company sought waivers of the registration rights of such investors in connection with this offering, in exchange for the Company's offer of an agreement to file a separate registration statement covering the resale of the Series C Warrant Shares. However, the investors declined to sign waivers. Therefore, there is a possibility that the investors will assert claims against the Company based on failure to include the Series C Warrant Shares in the registration statement for such offering. If the investors assert such claims, the Company believes they will not be able to demonstrate any damages, because the Company offered to separately register the Series C Warrant Shares. However, if the investors assert such claims, there is no assurance that the investors will not be able to recover damages that would have a material adverse effect on the Company, or that such claims would not otherwise have a material adverse effect.

From our inception, through December 2013, our shares and other securities were issued in violation of the preemptive rights of existing stockholders, which could result in claims against us.

In 2013, it was brought to the attention of our management and Board of Directors that the Company was subject to preemptive rights under Minnesota corporate law, because the articles of incorporation did not "opt out" and deny them. Prior to our reincorporation in Delaware in December 2013 the Company issued shares of common stock and other equity securities on numerous occasions to raise capital and for other purposes and, to our knowledge; we never complied with the Minnesota preemptive rights statute in connection with such issuances. Starting in December 2013, stockholders no longer had preemptive rights. In connection with issuances of securities prior to that time, we may be still subject to the claims of previous and current stockholders based on violations of their preemptive rights; the risk and magnitude of these claims are uncertain. If there are any future claims, we intend to vigorously defend against such claims; however, there can be no assurance that the Company would not be liable for damages or other remedies that might have a material adverse effect on the Company's financial condition or results of operations.

Risks Related to the Proposed Merger With CytoBioscience (the "Merger")

We may not complete the Merger, which could negatively impact the Company's stock price and future operations.

Completion of the Merger is subject to execution of a definitive merger agreement and certain conditions to closing. The Merger is expected to be completed during the third quarter of calendar 2017. If the Merger is not completed for any reason, including approval of the listing of the common stock by NASDAQ, CytoBioscience and the Company may each be subjected to a number of material risks. The price of Company common stock may decline to the extent that the current market price of the Company's common stock reflect a market assumption that the Merger will be completed. Some costs related to the Merger, such as legal, accounting, filing, printing and mailing, must be paid and expended even if the Merger is not completed. In addition, if the Merger is not completed the Company's Board of Directors determines to seek another merger or business combination, there can be no assurance that the Board of Directors will be able to find a partner willing to agree to more attractive terms than those which have been negotiated for in the Merger.

We do not have complete information about CytoBioscience, including audited financial statements.

Our information regarding CytoBioscience consists of preliminary information supplied by CytoBioscience. We do not make any representations about this information. In preparation for closing of the Merger, we will continue our due diligence review of information relating to CytoBioscience, and if our due diligence review is not satisfactory, we will have the right to terminate the merger agreement, in which case the Merger will not occur. CytoBioscience does not currently have audited financial statements and does not anticipate that it will have complete audited financial statements at the time of closing of the Merger. Therefore, the preparation of audited financial statements may result in adjustments to the financial information supplied by CytoBioscience at the time of the Merger, and the adjustments may be material. If the representations and warranties of CytoBioscience in the merger agreement are not accurate, we will have limited ability to seek recovery under any indemnification provisions that may be agreed to by CytoBioscience. If information regarding CytoBioscience proves to be inaccurate in any material respect, this may result in a material adverse effect on our financial condition and results of operations after the closing of the Merger.

The combined company will not be able to continue operating without additional financing.

Both the Company and CytoBioscience have been operating at a loss. In order to continue operating and remain a going concern, the combined company will need to obtain additional financing, either through borrowings, public offerings, private offerings, or some type of business combination (e.g., merger, buyout, etc.), and there can be no assurance that it will be successful in such pursuits with terms satisfactory to management and our board of directors. In the past, both companies have actively pursued a variety of funding sources including private offerings and have consummated certain transactions in order to address their respective capital requirements. However, the combined company may not be able to acquire the additional funding necessary to continue operating. Accordingly, if the combined company is unable to generate adequate cash from operations, and if it is unable to find sources of funding, it may be necessary for it to sell one or more lines of business or all or a portion of its assets, enter into a business combination, reduce or eliminate operations, liquidate assets, or seek relief through a filing under the U.S. Bankruptcy Code. These possibilities, to the extent available, may be on terms that result in significant dilution to the combined company's existing shareholders or that result in its existing shareholders losing all of their investment in the combined company.

The Company may fail to realize the anticipated benefits of the Merger.

The success of the Merger will depend, in part, on the Company's ability to realize the anticipated growth opportunities and synergies from combining the Company and CytoBioscience. The integration of the Company and CytoBioscience will be a time consuming and expensive process and may disrupt their operations if it is not completed in a timely and efficient manner. In addition, the Company may not achieve anticipated synergies or other benefits of the Merger. Following the Merger, the Company and CytoBioscience must operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls and human resources practices. The combined company may encounter the following integration difficulties, resulting in costs and delays:

- failure to successfully manage relationships with customers and other important relationships
- failure of customers to continue using the services of the combined company;
- difficulties in successfully integrating the management teams and employees of the Company and CytoBioscience;
- challenges encountered in managing larger operations;
- losses of key employees;
- failure to manage the growth and growth strategies of the Company and CytoBioscience;
- diversion of the attention of management from other ongoing business concerns;
- incompatibility of technologies and systems;
- impairment charges incurred to write down the carrying amount of intangible assets generated as a result of the Merger; and
- incompatibility of business cultures.

If the combined company's operations after the Merger do not meet the expectations of existing or prospective customers of the Company and CytoBioscience, then these customers and prospective customers may cease doing business with the combined company altogether, which would harm its results of operations, financial condition and business prospects. If the management team is not able to develop strategies and implement a business plan that successfully addresses these difficulties, the Company may not realize the anticipated benefits of the Merger.

Costs associated with the Merger are difficult to estimate, may be higher than expected, and may harm the financial results of the combined company.

Both CytoBioscience and the Company will incur substantial direct transaction costs associated with the Merger and additional costs associated with consolidation and integration of operations. If the total costs of the Merger exceed estimates, or the benefits of the Merger do not exceed the total costs of the Merger, the Company's consolidated financial results could be adversely affected.

The Merger may result in disruption of the Company's and CytoBioscience's existing businesses, distraction of their management and diversion of other resources.

The integration of the Company's and CytoBioscience's businesses may divert management time and resources from the main businesses of both companies. After the Merger, management will likely be required to spend significant time integrating CytoBioscience's and the Company's operations. This diversion of time and resources could cause the combined business to suffer.

Any delay in completion of the Merger may significantly reduce the benefits expected to be obtained from the Merger.

The Merger is subject to approval of CytoBioscience's shareholders, and subject to a number of other conditions beyond the control of the Company and CytoBioscience that may prevent, delay or otherwise materially adversely affect its completion. The Company and CytoBioscience cannot predict whether or when these other conditions will be satisfied. Any delay in completing the Merger may significantly reduce the synergies and other benefits that the Company and CytoBioscience expect to achieve if they successfully complete the Merger within the expected timeframe and integrate their respective businesses.

The market price of the Company common stock may decline as a result of the Merger.

The market price of the Company common stock may decline as a result of the Merger if the integration of CytoBioscience and the Company's businesses is unsuccessful or if the costs of implementing the integration are greater than expected. The market price also may decline if the Company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by financial or industry analysts, or shareholders, or if the effect of the Merger on the Company's financial results is not consistent with the expectations of financial or industry analysts, or shareholders.