



CAPITAL MARKET REPORT

Biolase Technology, Inc. (NASDAQ CM: BLTI)

Biolase Technology, Inc. developed and patented a revolutionary technology that allows water, a biological element, energized by a combination of lasers at the specific 2780 nm wavelength ("YSGG Laser HydroPhotonics"), to cut human tissue in a microsurgical mode. Such tissue can either be hard (teeth or bone) or soft (gum or skin) and includes enamel, the strongest of all human tissues.



The company has also developed and patented the most sophisticated line of Diode Laser products and has just released the first truly portable, battery operated

and affordable iLase™ for the dental industry. Biolase just recently announced an initial \$9 million dollar order for the product from Henry Schein Dental, a \$7 billion company and the world's largest dental distributor.

Company Statistics

Publicly Traded: Symbol BLTI

Stock Price (10/1/10): \$1.36*

52-week High/Low: \$0.61 - \$2.46*

2009 Revenues: \$43 million**

Market Capitalization: \$33.22 million*

Cash (June 30, 2010): \$2.9 million***

Development Stage: Growth

*Source: Yahoo! Finance as of close of business October 1, 2010

**Source: SEC 10K Filing March 19, 2010

*** Source: SEC 10Q Filing Aug 16, 2010

Background

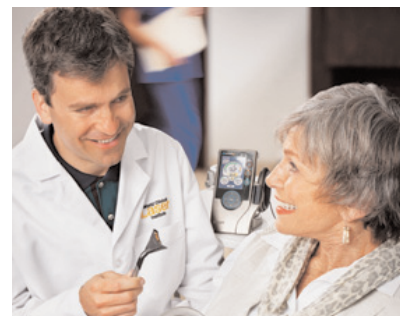
Under current Chairman and CEO Federico Pignatelli, the company saw rapid growth and a market cap that rose from its initial \$3M in 1994 to over \$430M in 2005. After a change in management and Mr. Pignatelli vacating the executive office, the new management team adopted a distribution model that included an exclusive contract with a single distributor. This led to a decrease in revenues of as much as 60% over the last four years. Mr. Pignatelli observed that a restructuring of both the board and management was needed, and he recently resumed his leadership role as Chairman and CEO, with the precise goal of returning the company to its former growth pattern and well deserved valuation.

Biolase has since reduced breakeven levels from \$45M annually to \$32M, a 30% reduction. Additional achieved recent milestones are the largest single order in the Company's history of \$9 million for one single product from one major single client, and the restructuring of the exclusive distribution agreement with Henry Schein Dental to a non-exclusive one. The company has moved back to the past and has revived its successful model of direct selling combined with a multi-distributor approach to sales. Biolase has since executed another non-exclusive distribution agreement with Benco Dental, the largest and fastest growing privately owned, full-service dental distributor in the United States. The company is now in discussions with additional dental distribution companies.

Since Mr. Pignatelli took back the reins of the company, the stock price has more than doubled from \$0.60 per share to \$1.40. In early 2005, the company's stock price had reached an all-time high of \$21.50 per share.

Just recently Mr. Pignatelli announced that is already highly likely that 2010 Q4 will show profitability and positive cash flow.

Capital Market Relations views this as an opportunity to invest in a market leading disruptive technology at a significant discount to actual market value, taking advantage of a classic turnaround story.





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This is the most complete family of dental laser solutions designed to match the needs of dentists and their patients perfectly.

Waterlase®

The Waterlase laser is the first patented water-powered microsurgical instrument that can perform clinically superior incisions compared to any traditional instruments such as drills, scalpels and bone saws, commonly used in surgery and medicine. This novel and revolutionary technology can radically change the way surgery is performed on the human body.

As all human tissue is composed of 70-80% of water, an instrument that can cut tissue using water is biologically beneficial and offers significant clinical advantages such as greatly reduced tissue trauma and significantly enhanced healthy tissue recovery. Essentially, this innovative technology allows traditional and modern surgeons to perform minimally invasive procedures with a higher degree of precision and with no tissue damage.

Biolase has chosen to apply this technology to the dental field first, as this is the world's largest of the medical communities (over 140,000 dentists in the U.S. and over one million in the rest of the developed world), presenting a tremendous market opportunity measured in the billions of dollars as the market is penetrated. A mere penetration of 2% of this market would represent revenues in excess of \$1 billion to the company and hundreds of millions of dollars in recurring revenues.

Capital Market Relations can see the YSGG Waterlase technology penetrating dental offices at an accelerating rate as clinical advantages are understood and applied by dentists and as patients are made aware of the many benefits offered by the application of the technology.

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One of the several clinical advantages of using a Waterlase is the fact that no injections of local anesthetic are required in over 95% of the procedures, as this is a painless surgical procedure due to the fact that there is no heat, vibration or abrasion. If multiple procedures on both sides of the mouth are required, they can be performed simultaneously with the Waterlase laser surgery, instead of having to schedule two separate appointments due to oral local anesthesia.



Waterlase MD

While the water performs the tissue cutting, the laser decontaminates the treated area, essentially resulting in a double benefit. With traditional drills, multiple uses of the same burr in treating multiple patients, can lead to cross contamination with transmission of viruses and pathogens such as hepatitis B and HIV. There is no such risk with the Biolase system because it uses proprietary disposable tips. In fact, the Waterlase can even eliminate labial herpes and canker sores as a further benefit.

The revolutionary Biolase Waterlase system clearly has a broad spectrum of potential applications beyond the dental industry. Some of them include orthopedics, dermatology, spinal surgery, and ophthalmology, all of which are expected to have multiple and very promising applications.

EzLase



Diode Lasers

In addition to the Waterlase system described above, Biolase is also leading the field in the use of diode lasers in dental operations.

The **EzLase™** is the first dental laser to obtain FDA clearance at the unique 940 nm wavelength. This wavelength is ideal, as it can provide great homeostasis during soft tissue procedures. It also utilizes a proprietary ComfortPulse™ technology that reduces heat absorption by the tissue, resulting in greater patient comfort and decreased tissue necrosis.

The EzLase system's approved indications include incision, excision, vaporization, ablation and coagulation of oral soft tissues as well as laser periodontal procedures, including laser soft tissue curettage and laser removal of diseased, infected, inflamed and necrosed soft tissue within the periodontal pocket, and sulcular debridement.



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Biolase Technology, Inc. (NASDAQ CM: BLTI)

Whitening Handpiece

In December 2008, Biolase received an additional 510(k) clearance for tooth whitening using the EzLase. The EzLase Whitening Handpiece puts the EzLase in a class of its own for versatility and revenue generating potential. Consumer demand for tooth whitening continues to grow, and now the EzLase, besides performing a wide range of FDA-cleared soft-tissue procedures, offers dentists the potential for even greater return on investment. The EzLase delivers dramatic whitening results in one appointment when used with Biolase LaserWhite20 laser-accelerated whitening gel.



Biolase has just introduced its new **iLase** diode laser system, the only truly portable and affordable dental diode laser that provides minimally invasive solutions for common everyday soft tissue surgical and hygiene procedures. As both dentists and hygienists in the U.S. and Canada can use the iLase, the market for these devices is virtually double that of devices that are available to dentists only.

It is significant that the first order placed for the iLase by Henry Schein Dental was for \$9 million and is a clear proxy that this product will be in demand both domestically and internationally. The company expects to sell between 4,000 and 5,000 of these devices in 2011 alone, representing revenues of approximately \$15 million. Each iLase in the market will generate between \$2,000 and \$3,000 in additional revenue to the company each year from the sale of proprietary single-use tips and other consumables.

Featuring patent-pending finger switch activation, battery power, the unique 940 nm wavelength and ComfortPulse cutting modality, the iLase is the only truly portable diode laser device for every dental operator. The iLase is CE mark-approved and received FDA 510(k) clearance in the United States in March 2010.



Unlike typical portable diode lasers that require a foot pedal and power cords, the iLase is completely self-contained in a single hand piece. The precise ergonomics of the iLase hand piece reduce fatigue for clinicians. The entire iLase hand piece, with battery and shroud attached, weighs less than 100 grams.

The key to the intuitive operation of the iLase is its exclusive, wraparound finger switch. Far more than a simple button, the switch is over an inch long and can be operated with light pressure anywhere along its circumference. The ability to engage the switch from different positions on the iLase allows maximum comfort and working efficiency, whether performing procedures in the anterior or posterior of the mouth.

The iLase delivers 5 Watts of peak laser power, and up to 3 Watts of continuous laser power - all without power cords, outlets or foot pedals. This makes its battery life all the more impressive. Longer procedures, such as sulcular debridement, can be completed with a single fully charged battery.



The iLase proprietary single-use tips are bendable for maximum access to all areas of the mouth. Tips are available in a variety of lengths and diameters to provide the best clinical results for the procedure being performed, without changing fibers.

The iLase has a low entry price of \$4,995 and can generate a whopping \$2,000 to \$3,000 per unit in consumable revenues to the Company on an annual basis. As this appliance is approved for many hygienist procedures, the iLase virtually doubles the potential market opportunity as almost every dental office employs a hygienist.

In 2006, Biolase announced a strategic agreement with Procter and Gamble to develop a line of truly revolutionary personal dental care products utilizing Biolase technology. Two products that are being developed are Biolase' patented toothbrushes that incorporates a diode laser in one (more expensive version) and light technology in the other (wide consumer version). Combined with unique toothpaste, users will be able to whiten, decontaminate gums (killing bacteria), desensitize and also define areas with plaque to be addressed for further brushing. These products, the light toothbrush and the laser toothbrush, are expected to launch in 2011.

Procter and Gamble paid an initial \$6 million licensing fee to Biolase for the development of these product concepts, and royalties paid to Biolase on sales of these items will accrue directly to the company's bottom line. As such products are launched with the marketing and distribution support of a company such as Procter and Gamble, a substantial increase in intrinsic value will be delivered to Biolase shareholders.



CAPITAL MARKET REPORT

Health Discovery Corporation OTCBB: HDVY

Beyond Dental

In April 2009, Biolase received FDA 510(k) clearance for its EzLase platform for pain relief and therapy with application in Sports Medicine, Physical Therapy and Chiropractic offices.

The **Diolase** 10 Watt diode laser was launched with the patented Body Contour hand piece for therapeutic applications, including temporary pain relief, topical heating for the purpose of elevating tissue temperature for a temporary relief of minor muscle and joint pain and stiffness, minor arthritis pain, or muscle spasm, minor sprains and strains, and minor muscular back pain; the temporary increase in local blood circulation; and the temporary relaxation of the muscles.

The Diolase 10 Watt diode laser represents the first product from Biolase that is part of a strategic expansion into other medical specialty markets.

Market Opportunities

Biolase has an install base of over 14,000 Waterlase and diode laser systems and is growing rapidly. With an estimated excess of one million dentists worldwide, a one percent penetration of the market would mean \$500 million in revenue from the sale of the company's Waterlase alone coupled with very substantial recurring revenues.

The iLase represents another significant market opportunity, as it is unique in the market and an installed base of 10,000 devices could generate an annual recurring revenue stream of \$20 - \$30 million per year in consumables alone. Considering the fact that the potential market size for the iLase is double that of the one for Waterlase systems (since both dentists and hygienists can use it), the true market potential for this product can easily be estimated in the hundreds of millions of dollars coupled with significant recurring revenue amounts from consumables.

The demand for dental services will continue to grow due to the increased awareness of the benefits associated with dental and overall oral care. A healthy mouth is a requisite for a truly healthy body. The demand for hi-tech dental procedures such as laser surgery is expected to rapidly accelerate, as more patients demand the comfort and convenience afforded by this technology. Patients equate greater standards of care with higher uses of technology, and this plays a role in the acceleration of demand growth for Biolase products in particular.

The company is just beginning to tap the market opportunities outside of the dental area. As the company develops and receives approval for applications in other surgical areas such as ophthalmology, spinal surgery, orthopedics, etc. the market value of the company should continue to grow substantially.

"Our goal is to establish our laser systems as essential tools in dentistry and to continue to build a leading position in the dental laser market."

- from Biolase 10K filing, March 19, 2010

Capital Market Relations has been compensated by Biolase Technology Inc. in the amount of \$6,000 per month to conduct an investor relations campaign and the principals may hold equity positions in the company.



Diolase

Investment Considerations

- **Market Leader**
- **Innovative Culture**
- **Experienced Management**
- **Top Tier Marketing Partners**

 HENRY SCHEIN®

 Benco Dental™

 P&G

- **New Purchase Orders**
- **Reduced Overhead**
- **New Governance and Management**
- **Classic Turnaround**

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The statements included in this executive summary concerning predictions of economic performance and management's plans and objectives constitute forward-looking statements made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. These statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this summary. Biolase Technology, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should refer to Biolase filings with the Securities and Exchange Commission, available at www.sec.gov for more information regarding Biolase and its business.