PERVASIP CORP. **OTCBB: PVSP** **July 16, 2015**	**RATING:** **BUY**	**430 NORTH STREET** **WHITE PLAINS, NY 10605** **HTTP://WWW.PERVASIP.COM** **PHONE: (914) 750-9339**

ANALYST BRIEF: PERVASIP CORP. TO MERGE WITH PLAID CANARY CORPORATION

Summary

Earlier this year Flux Carbon Starter Fund LLC filed form 13-D to advise it had raised its stake in Pervasip Corp. to almost 10%. Now the other shoe has dropped.

On July 1, 2015, Pervasip Corp. closed a securities purchase agreement with Flux Carbon Corporation. Pervasip acquired from Flux 100% of the issued and outstanding equity of Plaid Canary Corporation, in consideration of the issuance by Pervasip of 500,000 shares of Series H preferred stock, par value $0.00001 of Pervasip.

Both Prevasip and Plaid Canary are in the business of providing goods and services to the agricultural grow market.

Plaid Canary and Pervasip then signed a merger agreement, whereby Pervasip will be merged into Plaid Canary. Plaid Canary will be the surviving entity. Among other things, the merger agreement calls for each share of Series H Preferred Stock, issued and outstanding immediately prior to the merger, to be converted on a one to one basis into Plaid Canary Series A Preferred Stock, which will have the same features as the Series H Preferred Stock. The merger also calls for each share of the Company's Common Stock, issued and outstanding immediately prior to the merger, to be converted on a one to one basis into one share of Plaid Canary Common Stock. Upon the completion of the merger, each share of Pervasip Common Stock and Preferred Stock shall no longer be outstanding and shall automatically be canceled and cease to exist.

Pervasip Corp. has a current market capitalization of $3.53 M with 707.7 M outstanding shares. Its daily average volume traded is 64 M shares.

Recent News

WHITE PLAINS, N.Y., July 8, 2015 /PRNewswire/ -- Pervasip Corp. (USOTC: PVSP) ("Pervasip" or the "Company") announced today its execution of an agreement to merge with and into the Company's wholly-owned subsidiary, Plaid Canary Corporation ("Canary"), a special purpose consolidation company focused on acquiring, developing and supporting companies and technologies in emerging agricultural markets.

The merger agreement provides for the Company to merge into Canary on a one to one basis such that each share of Company stock outstanding prior to the merger will be exchanged for one share of Canary stock after the merger. Canary will be the surviving company of the merger, and its share structure after the merger will be identical to the Company's share structure immediately before the merger.

"The merger is an essential part of our plans as we continue to position ourselves to consolidate strategically-compatible companies and technologies," said Paul Riss, Pervasip's Chief Executive Officer. "We are focused on building value in part by growing our business, refinancing and eliminating debt, and improving our share structure. As we do so, we want prospective investors, partners, owners of targeted acquisitions, and other stakeholders to look past Pervasip's historical operations to Canary's current and projected future operations and value. We believe that completion of the Canary merger is important to meeting our objectives in that regard."

The merger will be effective after the later of (a) twenty days after the mailing of the relevant Information Statement, which the Company expects to file during July 2015, and (b) notice from FINRA that the merger will be announced on the Daily List published by FINRA. Additional information regarding the merger will be available in a Current Report on Form 8K to be filed on July 8, 2015.

WHITE PLAINS, N.Y., June 29, 2015 /PRNewswire/ -- Paul Riss, chief executive officer of Pervasip Corp. issued the following letter today to the shareholders of Pervasip:

Dear Shareholders:

This is an exciting time for us. As many of you know, we've been implementing a restructuring plan for several months now, the primary goal of which was to improve our balance sheet and capital structure to qualify with the anticipated financial and other requirements of new investors, joint venture partners, licensors and acquisition targets that we have identified. I'm pleased to announce that we've been successful in our efforts in that regard, and we are now poised to execute in the immediate term on our previously-announced acquisition plans.

We plan to expand on our prior disclosures in the next few days as we complete and announce the second of our targeted acquisitions – a revenue-producing retail distribution company servicing the hydroponic and indoor grow facility market in Denver, Colorado. We have what we believe to be a novel plan to build value involving that company, planned additional acquisition targets, and a series of strategically-positioned products and technologies designed to improve grow conditions, yields and value.

We see extraordinary opportunities in front of us, and our technology focus is an essential aspect of our plan to build shareholder value with those opportunities. We're assembling a diversified team of managers, scientists, process engineers, technology developers, and operators with expertise in our target and other markets. We anticipate making a series of management additions over the coming weeks and months, starting with the appointment of our new Chief Science Officer, Dr. Kenneth Hughes.

Dr. Hughes is a creative technologist that specializes in translating complex technologies into practical agricultural, cleantech, industrial, consumer, and military commercial products and strategically building businesses around those products. Dr. Hughes has over 20 patents granted or pending, with several more in development. Dr. Hughes received his Ph.D. in Chemistry from Purdue University and is a former Chemistry and Biochemistry professor at Georgia Tech.

Dr. Hughes is one of several new team members that have been working for several months on a sub-contract basis. His role moving forward includes driving our product and technology development efforts, as well as helping to bring the results of those efforts to the new partners, clients and other key relationships we plan to establish through our retail and other acquisition efforts. We are proud and excited to have him on board. Additional information on our new products, technologies and team members will be made available as appropriate.

In the meantime, we have an exciting summer in front of us, and it begins this week with the expected completion of our second acquisition – a transaction which can also be expected to bring estimated revenues in excess of five million dollars per year. Significantly, given the market valuations of comparable companies, we are hopeful that this transaction will additionally help us to complete both our restructuring plan and additional acquisitions by the end of the summer at reduced costs of capital.

Conclusion

Pervasip acquired 100% of the equity of Plaid Canary from FLUX Carbon Corporation in exchange for Pervasip preferred shares corresponding to 50% of Pervasip's issued and outstanding equity. This brings Flux's ownership to about 60% of the company's issued and outstanding capital stock. Flux has agreed to absorb 100% of the dilutive impact of common stock issued by Pervasip to its secured debt holders who choose to convert their debt into shares of common stock.

If recent trading sessions are any indicator, there are some holders of PVSP shares that were disappointed with the merger and the potential for dilution of their investment. I believe that is a short-sighted outlook. Investors in PVSP shares owned 100% of an enterprise with virtually no revenue and significant debt and losses. Those investors willing to trade their PVSP shares for Plaid Canary shares will only own 40% or less of the company but it may be a case where owning part of something is better than owning all of nothing.

With the merger, PVSP will reduce its debt and developed new partnerships. The merger will align them with liquid investors and moves the company into one of the hottest sectors in the OTC Markets.

Among Plaid Canary's current holdings is a 60% stake of Grow Big Supply LLC, a retail distribution company servicing the hydroponic and indoor grow facility market in Denver, Colorado. Founded in 2011, Grow Big has established itself as a key supplier to the grower community, and has grown to have sales in excess of $5 million per year.

We think PVSP shareholders should hold on to their shares and buy more if the price goes down. There is real valuation here that will become more apparent as the merger dust settles.

Sources:

1. PVSP 8-K Issued 7-8-15
2. https://yahoofinance.com

Our Rating System

We rate enrolled companies based on the appreciation potential we believe their shares represent, and the "riskiness" we perceive in our ratings. The business results of those companies "NOT RATED" are often highly dependent on some future event, such as FDA drug approval or the option of a new key technology.

Explanation of Ratings

OVERWEIGHT/BUY	Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country Index average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.

EQUAL WEIGHT/HOLD	Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.
NOT RATED	Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
UNDERWEIGHT/SELL	Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country's equity indices and/or the total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Disclosure: I, Mark Roberts have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

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