

Actinium Pharmaceuticals, Inc. (ATNM - \$ 7.45)

Interim Analysis Demonstrates Substantial Survival Benefit

Actinium Pharmaceuticals provided details from an interim analysis of its Phase I/II trial of Actimab-A. Median overall survival in secondary AML patients was 9.1 months compared to the historical norm of 2 – 5 months for these difficult to treat patients.

- Actimab-A Phase I/II Interim Analysis Shows Substantial Survival Benefit, In Our Opinion.** Today, Actinium provided an interim analysis from its on-going Phase I/II trial of Actimab-A, a radioimmunoconjugate consisting of a monoclonal antibody and the isotope actinium-225, for the treatment of newly diagnosed Acute Myeloid Leukemia (AML) patients over the age of 60. Actimab-A was combined with low dose chemotherapy in order to provide a less toxic treatment for this high risk population. Approximately two thirds of elderly AML patients are deemed unfit for treatment with standard chemotherapy due to toxicity and receive best supportive care with a life expectancy of 2 months. Median overall survival (OS) for seven evaluable secondary AML patients was 9.1 months, with a range of 2.3 – 24 months. The average patient age was 76. Two of the secondary AML patients lived longer than 12 months. These results compare extremely favorably with median OS in similar populations in literature of 2 months – 5 months, in our opinion. Total median OS for the trial at the interim analysis, which included a total of nine intermediate or poor risk cytogenetics patients, was 5.4 months. Five of the seven evaluable patients in the trial demonstrated bone marrow blast reductions, with a mean of 61% reduction. Of note, the trial included five secondary AML patients that had previously been treated with hypomethylating agents which would make them ineligible for similar clinical trials. A partial abstract for the Phase I Actimab-A trial will be available today and the full abstract will be available online during the American Society for Hematology (ASH) meeting taking place December 6th – 9th. We expect further Phase I data in 1H15 and believe Phase II could also start in 1H15. Additional Phase I or Phase II interim data could be released by the ASH conference next year.
- Maintain BUY Rating and Price Target.** Our price target for Actinium of \$18.00 is based on the NPV of our probability-adjusted forecasts for Iomab-B and Actimab-A plus a small value for the company's additional pipeline products.

Earnings Estimates: (per share)

(Dec)	1Q	2Q	3Q	4Q	FY	P/E
FY_15E	-0.14	-0.14	-0.14	-0.15	-0.56	NM
FY_14E	-0.66A	0.10A	-0.12	-0.13	-0.66	NM
FY_13A	-0.03	-0.13	-0.06	-0.26	-0.47	NM
FY_12A	-0.07	-0.09	NA	NA	-7.58	NM

Source: Laidlaw & Company estimates

Healthcare / Biotechnology

Ticker:	ATNM
Rating:	Buy
Price Target:	\$ 18.00

Trading Data:

Last Price (11/05/2014)	\$ 7.45
52-Week High (4/3/2014)	\$ 15.00
52-Week Low (11/13/2013)	\$ 4.30
Market Cap. (MM)	\$ 224
Shares Out. (MM)	30

Edward White

Senior Managing Director/Senior Analyst
(212) 953-4910
ewhite@laidlawltd.com

Christopher Wolpert, CFA

Associate Equity Analyst
cwolpert@laidlawltd.com

FOR ANALYST CERTIFICATION AND DISCLOSURES, PLEASE SEE DISCLOSURES SECTION AT THE END OF THIS REPORT. This report has been prepared by Laidlaw & Co (UK), Ltd. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. All prices are those current at the end of the previous trading session unless otherwise indicated. Prices and consensus estimates are sourced from a reliable market source

Risks to Owning the Stock

There are many standard risks for development stage biotechnology companies that hold true for the entire industry. There are development risks associated with preclinical and clinical studies, and potential delays in the start of trials. There is regulatory risk that the company will be unable to receive regulatory approvals for drugs or that regulatory approval may be delayed. Manufacturing risks are associated with the upgrading of facilities from clinical study production to commercial production. There is also commercial risk for a company to successfully market and sell its drug or drugs. Other risks include financing risk, currency risk, potential governmental price controls, and IP (generic) risks. The stock of biotechnology companies, like all publically traded companies, is subject to market volatility and liquidity risks if there are small trading floats. Actinium is susceptible to all of these risks.

Downside risks specific to Actinium include the likelihood of the need to sell more stock to raise capital for the continuation of the company's clinical trials. However, we believe investors already assume that the company will have to raise funds for the continued development of the company's products. We expect the company will have to raise capital in each of the next two years and have included those assumptions in our models. The near-term value of the stock is hinged on binary events, including the success of the Phase I/II trial for Actimab-A in AML and the start of the Phase III trial for Iomab-B HSCT in refractory/relapsed older AML patients in 2015. The longer-term value for the company is based on the timing of regulatory submission and approval, the ultimate market potential and expectations for the company's drugs, and the successful commercialization of these drugs.

Figure 1: Income Statement

Actinium Pharmaceuticals <i>Income Statement (000s, except per share data)</i>	FY 2013				FY 2014E				FY 2015E				FY_11 Dec	FY_12 Dec	FY_13 Dec	FY_14E Dec	FY_15E Dec
	Q1_13 Mar	Q2_13 Jun	Q3_13 Sept	Q4_13 Dec	Q1_14 Mar	Q2_14 Jun	Q3_14E Sept	Q4_14E Dec	Q1_15E Mar	Q2_15E Jun	Q3_15E Sept	Q4_15E Dec					
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Operating expenses:</i>																	
Selling, general and administrative	933.1	966.4	830.7	1,189.1	2,461.0	2,414.6	2,439.6	2,469.6	2,489.6	2,469.6	2,519.6	2,549.6	2,959.2	4,506.2	3,919.4	9,784.8	10,028.5
Research and development	1,085.7	509.3	778.2	293.7	1,676.1	2,001.9	2,097.0	2,267.9	2,881.3	2,917.3	2,978.8	3,183.6	323.8	3,440.5	2,666.9	8,042.9	11,961.1
Depreciation and amortization	-	-	-	1.6	1.4	8.1	8.1	8.0	8.0	7.9	7.9	7.8	0.6	0.6	1.6	25.5	31.6
Loss on disposition of equipment	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	4.1	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	2,023.0	1,475.6	1,609.0	1,484.3	4,138.4	4,424.6	4,544.6	4,745.6	5,378.9	5,394.9	5,506.3	5,741.0	3,283.7	7,947.3	6,591.9	17,853.2	22,021.1
Operating Income/(loss)	(2,023.0)	(1,475.6)	(1,609.0)	(1,484.3)	(4,138.4)	(4,424.6)	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,283.7)	(7,947.3)	(6,591.9)	(17,853.2)	(22,021.1)
<i>Other Income:</i>																	
Interest income (expense)	(0.6)	(0.6)	(1.3)	-	-	-	-	-	-	-	-	-	(175.1)	(1,099.3)	(2.5)	-	-
Gain on change in fair value of derivative liabilities	1,334.5	(1,307.7)	189.3	(4,395.5)	(12,561.1)	7,939.7	-	-	-	-	-	-	14.0	685.4	(4,179.4)	(4,621.4)	-
Income (loss) before provision for income taxes	(689.0)	(2,784.0)	(1,420.9)	(5,879.8)	(16,699.5)	3,515.1	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,444.8)	(8,361.2)	(10,773.8)	(22,474.6)	(22,021.1)
<i>Tax: (%) non-GAAP</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(689.0)	(2,784.0)	(1,420.9)	(5,879.8)	(16,699.5)	3,515.1	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,444.8)	(8,361.2)	(10,773.8)	(22,474.6)	(22,021.1)
Diluted EPS (GAAP)	(0.03)	(0.13)	(0.06)	(0.26)	(0.66)	0.10	(0.12)	(0.13)	(0.14)	(0.14)	(0.14)	(0.15)	(4.30)	(7.58)	(0.47)	(0.66)	(0.56)
Weighted Diluted Shares outstanding	21,391.7	22,178.6	23,601.9	22,752.8	25,228.3	35,862.2	37,689.3	37,689.3	37,689.3	39,507.5	39,507.5	39,507.5	801.8	1,103.5	22,752.8	34,117.3	39,052.9
<i>Weighted Diluted Shares YOY change (%)</i>	<i>56.1%</i>	<i>30.3%</i>	<i>NA</i>	<i>NA</i>	<i>17.9%</i>	<i>61.7%</i>	<i>59.7%</i>	<i>65.6%</i>	<i>49.4%</i>	<i>10.2%</i>	<i>4.8%</i>	<i>4.8%</i>	-	<i>37.6%</i>	<i>NM</i>	<i>49.9%</i>	<i>14.5%</i>

Source: Bloomberg LP; Company reports; Laidlaw & Company estimates

DISCLOSURES:

ANALYST CERTIFICATION

The analyst responsible for the content of this report hereby certifies that the views expressed regarding the company or companies and their securities accurately represent his personal views and that no direct or indirect compensation is to be received by the analyst for any specific recommendation or views contained in this report. Neither the author of this report nor any member of his immediate family or household maintains a position in the securities mentioned in this report.

EQUITY DISCLOSURES

For the purpose of ratings distributions, regulatory rules require the firm to assign ratings to one of three rating categories (i.e. Strong Buy/Buy-Overweight, Hold, or Underweight/Sell) regardless of a firm's own rating categories. Although the firm's ratings of Buy/Overweight, Hold, or Underweight/Sell most closely correspond to Buy, Hold and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis against the analyst sector universe of stocks. An analyst's coverage sector is comprised of companies that are engaged in similar business or share similar operating characteristics as the subject company. The analysis sector universe is a sub-sector to the analyst's coverage sector, and is compiled to assist the analyst in determining relative valuations of subject companies. The composition of an analyst's sector universe is subject to change over time as various factors, including changing market conditions occur. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12-months relative to the analyst's sector universe.

Additional information available upon request.

‡ Laidlaw & Company has received compensation from the subject company for investment banking services in the past 12 months and expects to receive or intends to seek compensation for investment banking services from the company in the next three months.

^ Laidlaw & Company and/or its affiliated investment advisor and/or associated persons of Laidlaw & Co (UK) Ltd. maintain a position in this security of more than 1% of the outstanding equity securities.

An employee of Laidlaw & Co (UK) Ltd. is Executive Chairman of the subject company.

RATINGS INFORMATION

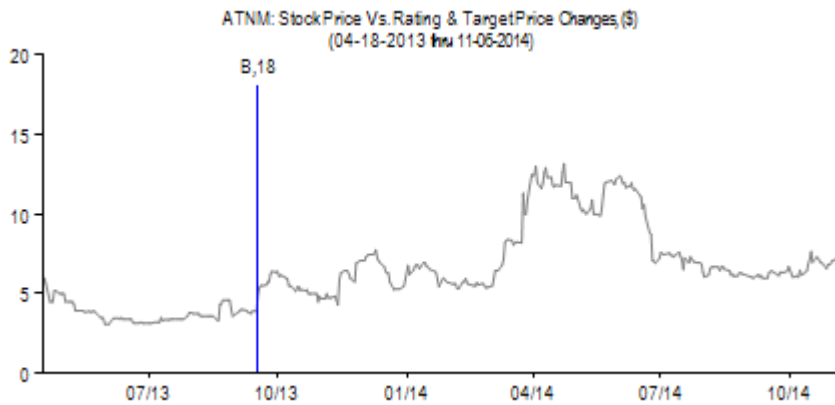
Rating and Price Target Change History

3 Year Rating Change History

Date	Rating	Closing Price (\$)
09/17/2013	Buy (B)	4.90

3 Year Price Change History

Date	Target Price (\$)	Closing Price, (\$)
09/17/2013	18.00	4.90



Source: Laidlaw & Company

Created by: Blue-Compass.net

Laidlaw & Company Rating System*		% of Companies Under Coverage With This Rating	% of Companies for which Laidlaw & Company has performed services for in the last 12 months	
			Investment Banking	Brokerage
Strong Buy (SB)	Expected to significantly outperform the sector over 12 months.	0.00%	0.00%	0.00%
Buy (B)	Expected to outperform the sector average over 12 months.	95.24%	33.33%	14.29%
Hold (H)	Expected returns to be in line with the sector average over 12 months.	4.76%	0.00%	0.00%
Sell (S)	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

ADDITIONAL COMPANIES MENTIONED

ADDITIONAL DISCLOSURES

As of the date of this report, neither the author of this report nor any member of his immediate family or household maintains an ownership position in the securities of the company (ies) mentioned in this report.

November 6, 2014

This report does not provide individually tailored investment advice and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Laidlaw & Co (UK), Ltd. recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in this report may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. This report is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy.

Associated persons of Laidlaw & Co (UK), Ltd not involved in the preparation of this report may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned herein and may trade them in ways different from those discussed in this report. While Laidlaw & Co (UK), Ltd., prohibits analysts from receiving any compensation, Bonus or incentive based on specific recommendations for, or view of, a particular company, investors should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

With the exception of information regarding Laidlaw & Co (UK), Ltd. this report is based on public information. Laidlaw & Co (UK), Ltd makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete and it should not be relied upon as such. Any opinions expressed are subject to change and Laidlaw & Co (UK), Ltd disclaims any obligation to advise you of changes in opinions or information or any discontinuation of coverage of a subject company. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Laidlaw & Co (UK), Ltd business areas. Laidlaw & Co (UK), Ltd associated persons conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

Any trademarks and service marks contained in this report are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. This report or any portion thereof may not be reprinted, sold or redistributed without the written consent of Laidlaw & Co (UK), Ltd. This report is disseminated and available primarily electronically, and, in some cases, in printed form.

The information and opinions in this report were prepared by Laidlaw & Co (UK), Ltd. For important disclosures, please see Laidlaw & Co (UK), Ltd.'s disclosure website at www.LaidlawLtd.com, or contact your investment representative or Laidlaw & Co (UK), Ltd at 546 Fifth Ave, 5th Floor, New York, NY 10036 USA.

© 2014 Laidlaw & Co. (UK), Ltd.

NOTES: