

Actinium Pharmaceuticals, Inc (ATNM - \$ 7.10)

Healthcare / Biotechnology

Actinium to Present Actimab-A Phase I Data at ASH

- Actinium Presenting Safety Data From Phase I Trial.** Actinium reported today that an abstract from a Phase I study of Actimab-A (monoclonal antibody Lintuzumab (HuM195) labeled with actinium-225) in acute myeloid leukemia (AML) will be presented at the American Society of Hematology's (ASH) Annual Meeting on December 7. The study shows it is safe and has anti-leukemic activity. Lintuzumab, a humanized anti-CD33 antibody, targets myeloid leukemia cells and has modest activity against AML. To increase the antibody's potency yet avoid nonspecific cytotoxicity seen with β -emitting isotopes, actinium-225, was conjugated to Lintuzumab. The Phase I trial demonstrated that Actimab-A in fractionated doses is feasible, safe at doses $\leq 3 \mu\text{Ci/kg}$ and has anti-leukemic activity across all dose levels studied. Patients treated were ≥ 60 years who had untreated AML with poor-prognostic factors, such as an antecedent hematologic disorder (AHD), unfavorable cytogenetic or molecular abnormalities, and significant comorbidities. Seven patients were treated, all of whom had AHDs. Bone marrow blast reductions were seen in 4 of 6 evaluable patients (67%) after cycle 1 (mean blast reduction, 58%; range, 34-100%). No CRs were observed. The median time to progression was 2.5 months (range, 2-7+ months). Accrual continues to define the MTD. Additional patients will be treated at the MTD in the phase II portion of this trial to determine response rate, progression-free survival, and overall survival. We believe Actinium could file a BLA with the FDA for Actimab-A in 2018. We forecast the potential U.S. market for Actimab-A is about \$450 million and the total global market is \$900 million - \$1 billion.
- Bayer Offer for Algeta Bodes Well for Actinium.** Last week, Bayer proposed an acquisition of Algeta for NOK 336 per share or \$2.4 billion in total (see our 11/26/13 Algeta note). Algeta's Xofigo is the only alpha-pharmaceutical currently on the market. We believe Bayer's offer and the robust Xofigo launch could signal the acceptance of alpha-emitting drugs by physicians and companies as a new treatment paradigm. We believe alpha-pharmaceuticals have the potential to become a new class of blockbuster drugs. Actinium's Alpha Particle Immunotherapy Technology (APIT) platform has the potential for broad applicability for the treatment of many cancer types. The patented APIT platform technology has been co-developed with Memorial Sloan-Kettering Cancer Center. APIT is based on attaching actinium-225 (Ac-225) or bismuth-213 (Bi-213) alpha-emitting radioisotopes to monoclonal antibodies (mAb) through the use of a chelating agent. Algeta's Xofigo (radium-223) is not attached to a mAb.
- Maintaining 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 preclinical pipeline.

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

Trading Data:

Last Price (12/02/2013)	\$ 7.10
52-Week High (3/21/2013)	\$ 7.75
52-Week Low (12/17/2012)	\$ 1.00
Market Cap. (MM)	\$ 168
Shares Out. (MM)	24

Earnings Estimates: (per share)

(Dec)	1Q	2Q	3Q	4Q	FY	P/E
FY_15E	NA	NA	NA	NA	-0.77	NM
FY_14E	NA	NA	NA	NA	-0.74	NM
FY_13E	-0.03A	-0.13A	-0.06A	-0.08	-0.30	NM
FY_12A	-13.93	-24.65	0.00	0.00	-7.58	NM

Edward White

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

Source: Laidlaw & Company estimates

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 2014. 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.

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.

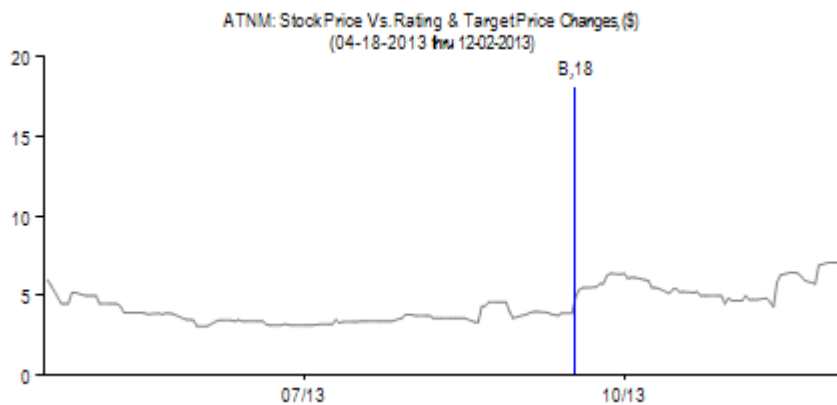
‡ Laidlaw & Company has received compensation from the subject company for investment banking services in the past 12 months and expects to receive or intends to seek compensation for investment banking services from the company in the next three months.

^ 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 a member of the Board of Directors 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.	81.82%	36.36%	9.09%
Hold (H)	Expected returns to be in line with the sector average over 12 months.	18.18%	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

Algeta (ALGETA NO, Hold-rated)
Bayer AG (BAYN GR, Not Rated)

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.

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.

© 2013 Laidlaw & Co. (UK), Ltd.

NOTES: