

## Actinium Pharmaceuticals, Inc. (ATNM - \$ 7.43)

### Actinium Completes Secondary Offering, Joins Russell Indices

ATNM recently announced the closing of a secondary offering for net proceeds of approximately \$12.6 million including cash from the exercised over allotment option and that its shares would become a constituent in multiple Russell Indices.

- Secondary Offering.** On June 30, 2014, Actinium announced the closing of a secondary offering of 1,670,000 shares of its common stock at \$7.50 per share for net proceeds of approximately \$11.4 million. In addition, the over-allotment option to purchase an additional 157,123 shares was exercised at the offer price of \$7.50 per share. The proceeds will be used for Actinium's on-going clinical trials of Actimab-A and Iomab-B. Actinium is preparing a single, pivotal, multicenter Phase III clinical study of Iomab-B in refractory and relapsed AML patients over the age of 55 with a primary endpoint of durable complete remission. We expect this trial will start in late 4Q14/early 1Q15 and believe that the drug could be granted orphan drug status and priority review. We believe the potential addressable HSCT market in AML for Iomab-B in the U.S. is about \$500 million. We estimate that following the closing of the offering the company had \$14.4 million in cash on its balance sheet at the end of 2Q14. We believe its current cash position should take the company through at least the middle of 2015.
- Inclusion in Russell Indices.** On June 27, 2014, Actinium's common stock joined the broad-market Russell 3000, Russell 2000, Russell Global and Russell Microcap indices. Inclusion in these indices should lead to a significant increase in institutional interest in the stock leading to higher volumes and enhanced liquidity, in our opinion. The stock has become increasingly liquid since uplisting to the New York Stock Exchange on March 26, 2014. After commencing trading on the NYSE, average daily volume of Actinium shares has increased by approximately 5.8x compared to the prior 60 day period and the daily volume-weighted average (VWAP) price has been consistently higher compared to the same prior 60 day period. See page 2, Figures 1 & 2 for volume trends.
- 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 preclinical pipeline.

Healthcare / Biotechnology

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

#### Trading Data:

Last Price (07/14/2014)	\$ 7.43
52-Week High (4/3/2014)	\$ 15.00
52-Week Low (8/21/2013)	\$ 3.10
Market Cap. (MM)	\$ 202
Shares Out. (MM)	27

#### Earnings Estimates: (per share)

(Dec)	1Q	2Q	3Q	4Q	FY	P/E
<b>FY_15E</b>	-0.20	-0.19	-0.19	-0.20	-0.78	NM
<b>FY_14E</b>	-0.66A	-0.16	-0.16	-0.17	-1.13	NM
<b>FY_13A</b>	-0.03	-0.13	-0.06	-0.26	-0.47	NM
<b>FY_12A</b>	NA	NA	NA	NA	-7.58	NM

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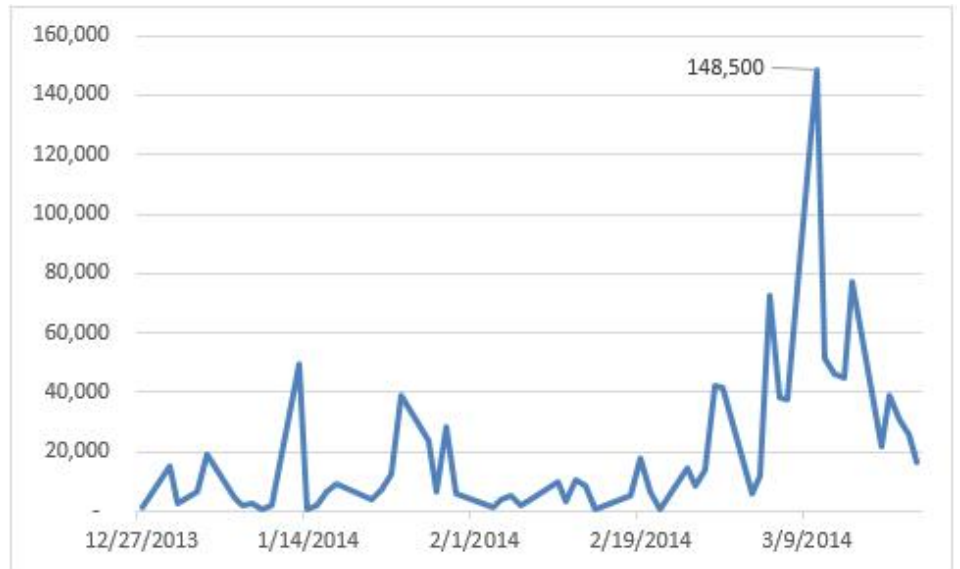
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Source: Laidlaw & Company estimates

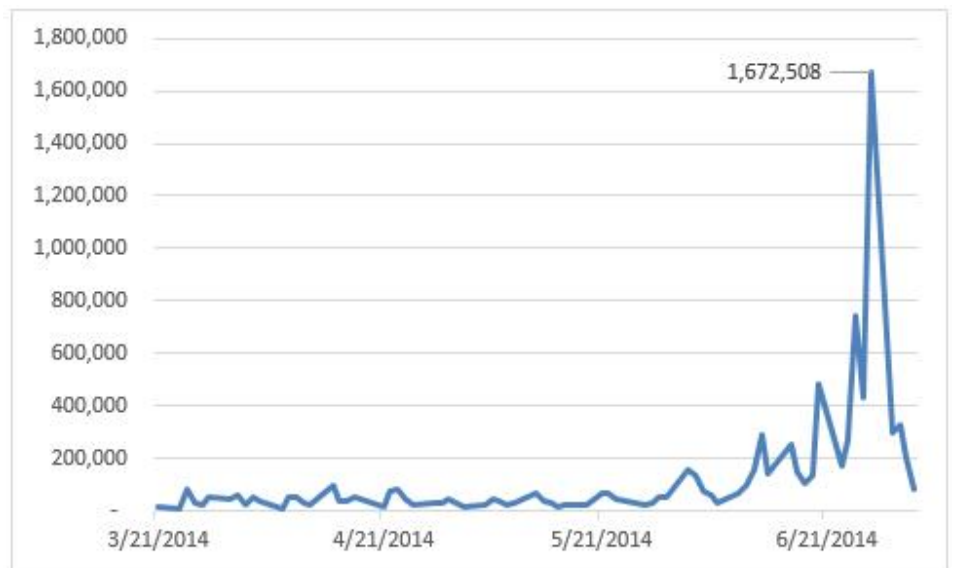
FOR ANALYST CERTIFICATION AND DISCLOSURES, PLEASE SEE DISCLOSURES SECTION AT THE END OF THIS REPORT. This report has been prepared by Laidlaw & Co (UK), Ltd. Investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider 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

**Figure 1: 60 Day Volume Prior to Uplisting**



Source: Bloomberg

**Figure 2: Volume Following Uplisting to July 11, 2014**



Source: Bloomberg

## Risks to Owning the Stock

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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.

Figure 3: 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_14E 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses:																	
Selling, general and administrative	933.1	966.4	830.7	1,189.1	2,461.0	2,471.0	2,496.0	2,526.0	2,546.0	2,526.0	2,576.0	2,606.0	2,959.2	4,506.2	3,919.4	9,953.9	10,253.9
Research and development	1,085.7	509.3	778.2	293.7	1,676.1	1,697.0	1,789.0	1,956.9	2,854.7	2,890.4	2,994.3	3,174.2	323.8	3,440.5	2,666.9	7,118.9	11,913.6
Depreciation and amortization	-	-	-	1.6	1.4	-	-	-	-	-	-	-	0.6	0.6	1.6	1.4	-
Loss on disposition of equipment	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	4.1	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,023.0</b>	<b>1,475.6</b>	<b>1,609.0</b>	<b>1,484.3</b>	<b>4,138.4</b>	<b>4,168.0</b>	<b>4,284.9</b>	<b>4,482.8</b>	<b>5,400.7</b>	<b>5,416.4</b>	<b>5,570.3</b>	<b>5,780.2</b>	<b>3,283.7</b>	<b>7,947.3</b>	<b>6,591.9</b>	<b>17,074.2</b>	<b>22,167.5</b>
<b>Operating Income/(loss)</b>	<b>(2,023.0)</b>	<b>(1,475.6)</b>	<b>(1,609.0)</b>	<b>(1,484.3)</b>	<b>(4,138.4)</b>	<b>(4,168.0)</b>	<b>(4,284.9)</b>	<b>(4,482.8)</b>	<b>(5,400.7)</b>	<b>(5,416.4)</b>	<b>(5,570.3)</b>	<b>(5,780.2)</b>	<b>(3,283.7)</b>	<b>(7,947.3)</b>	<b>(6,591.9)</b>	<b>(17,074.2)</b>	<b>(22,167.5)</b>
Other Income:																	
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)	-	-	-	-	-	-	-	14.0	685.4	(4,179.4)	(12,561.1)	-
<b>Income (loss) before provision for income taxes</b>	<b>(689.0)</b>	<b>(2,784.0)</b>	<b>(1,420.9)</b>	<b>(5,879.8)</b>	<b>(16,699.5)</b>	<b>(4,168.0)</b>	<b>(4,284.9)</b>	<b>(4,482.8)</b>	<b>(5,400.7)</b>	<b>(5,416.4)</b>	<b>(5,570.3)</b>	<b>(5,780.2)</b>	<b>(3,444.8)</b>	<b>(8,361.2)</b>	<b>(10,773.8)</b>	<b>(29,635.2)</b>	<b>(22,167.5)</b>
Tax: (% non-GAAP)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net income (loss)	(689.0)	(2,784.0)	(1,420.9)	(5,879.8)	(16,699.5)	(4,168.0)	(4,284.9)	(4,482.8)	(5,400.7)	(5,416.4)	(5,570.3)	(5,780.2)	(3,444.8)	(8,361.2)	(10,773.8)	(29,635.2)	(22,167.5)
<b>Diluted EPS (GAAP)</b>	<b>(0.03)</b>	<b>(0.13)</b>	<b>(0.06)</b>	<b>(0.26)</b>	<b>(0.66)</b>	<b>(0.16)</b>	<b>(0.16)</b>	<b>(0.17)</b>	<b>(0.20)</b>	<b>(0.19)</b>	<b>(0.19)</b>	<b>(0.20)</b>	<b>(4.30)</b>	<b>(7.58)</b>	<b>(0.47)</b>	<b>(1.13)</b>	<b>(0.78)</b>
Weighted Diluted Shares outstanding	21,391.7	22,178.6	23,601.9	22,752.8	25,228.3	25,303.3	27,130.4	27,130.4	27,130.4	28,948.6	28,948.6	28,948.6	801.8	1,103.5	22,752.8	26,198.1	28,494.1
Weighted Diluted Shares YOY change (%)	56.1%	30.3%	NA	NA	17.9%	14.1%	15.0%	19.2%	7.5%	14.4%	6.7%	6.7%		37.6%	NM	15.1%	8.8%

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

Figure 4: Balance Sheet

Actinium Pharmaceuticals <i>Balance Sheet (\$ 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_14E Jun	Q3_14E Sept	Q4_14E Dec	Q1_15E Mar	Q2_15E Jun	Q3_15E Sept	Q4_15E Dec					
<b>Assets:</b>																	
Cash and cash equivalents	3,239.9	5,650.3	3,990.1	5,533.4	5,877.8	14,379.0	10,167.9	6,289.1	2,749.3	17,476.7	12,056.5	6,955.7	5,703.8	5,618.7	5,533.4	6,289.1	6,955.7
R&D reimbursement receivable	-	-	-	-	-	-	-	-	-	-	-	-	237.8	-	-	-	-
Prepaid expenses and other current assets	117.1	84.3	53.0	218.4	667.9	672.7	691.6	723.5	871.6	874.2	899.0	932.9	5.4	167.1	218.4	723.5	932.9
Deferred financing costs, net of accumulated amortization	-	-	-	-	-	-	-	-	-	-	-	-	252.2	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>3,357.0</b>	<b>5,734.6</b>	<b>4,043.1</b>	<b>5,751.8</b>	<b>6,545.7</b>	<b>15,051.7</b>	<b>10,859.5</b>	<b>7,012.6</b>	<b>3,620.9</b>	<b>18,350.8</b>	<b>12,955.5</b>	<b>7,888.6</b>	<b>6,199.3</b>	<b>5,785.8</b>	<b>5,751.8</b>	<b>7,012.6</b>	<b>7,888.6</b>
Property and equipment, net	-	-	6.9	13.9	14.2	16.6	19.0	21.3	23.7	26.1	28.5	28.5	1.2	3.0	13.9	21.3	28.5
<b>Total Assets</b>	<b>3,357.0</b>	<b>5,734.6</b>	<b>4,050.0</b>	<b>5,765.7</b>	<b>6,559.9</b>	<b>15,068.3</b>	<b>10,878.5</b>	<b>7,034.0</b>	<b>3,644.6</b>	<b>18,376.9</b>	<b>12,984.0</b>	<b>7,917.1</b>	<b>6,200.5</b>	<b>5,788.8</b>	<b>5,765.7</b>	<b>7,034.0</b>	<b>7,917.1</b>
<b>Liabilities &amp; Shareholders' Equity:</b>																	
Accounts payable and accrued expenses	459.9	793.6	312.0	379.0	615.3	619.7	637.1	666.5	802.9	805.3	828.1	859.4	644.5	897.0	379.0	666.5	859.4
Accounts payable and accrued expenses - related party	31.2	31.2	375.7	81.2	189.5	190.9	196.2	205.3	247.3	248.1	255.1	264.7	-	31.2	81.2	205.3	264.7
Note payable	74.7	37.0	-	157.8	94.5	69.5	44.5	19.5	(0.0)	(0.0)	(0.0)	(0.0)	-	140.0	157.8	19.5	(0.0)
Derivative liabilities	2,240.4	2,958.0	2,758.0	6,707.3	19,128.8	19,128.8	19,128.8	19,128.8	19,128.8	19,128.8	19,128.8	19,128.8	124.4	3,575.0	6,707.3	19,128.8	19,128.8
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	4,439.6	-	-	-	-
<b>Total Current Liabilities</b>	<b>2,806.2</b>	<b>3,819.7</b>	<b>3,445.7</b>	<b>7,325.2</b>	<b>20,028.1</b>	<b>20,008.8</b>	<b>20,006.5</b>	<b>20,020.0</b>	<b>20,179.0</b>	<b>20,182.1</b>	<b>20,212.0</b>	<b>20,252.8</b>	<b>5,208.5</b>	<b>4,643.2</b>	<b>7,325.2</b>	<b>20,020.0</b>	<b>20,252.8</b>
<b>Total Liabilities</b>	<b>2,806.2</b>	<b>3,819.7</b>	<b>3,445.7</b>	<b>7,325.2</b>	<b>20,028.1</b>	<b>20,008.8</b>	<b>20,006.5</b>	<b>20,020.0</b>	<b>20,179.0</b>	<b>20,182.1</b>	<b>20,212.0</b>	<b>20,252.8</b>	<b>5,208.5</b>	<b>4,643.2</b>	<b>7,325.2</b>	<b>20,020.0</b>	<b>20,252.8</b>
<b>Stockholders' Equity</b>	<b>550.8</b>	<b>1,914.9</b>	<b>604.3</b>	<b>(1,559.5)</b>	<b>(13,468.1)</b>	<b>(4,940.5)</b>	<b>(9,128.1)</b>	<b>(12,986.1)</b>	<b>(13,468.1)</b>	<b>(1,805.2)</b>	<b>(7,228.0)</b>	<b>(12,335.8)</b>	<b>992.0</b>	<b>1,145.6</b>	<b>(1,559.5)</b>	<b>(12,986.1)</b>	<b>(12,335.8)</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,357.0</b>	<b>5,734.6</b>	<b>4,050.0</b>	<b>5,765.7</b>	<b>6,559.9</b>	<b>15,068.3</b>	<b>10,878.5</b>	<b>7,034.0</b>	<b>6,710.9</b>	<b>18,376.9</b>	<b>12,984.0</b>	<b>7,917.1</b>	<b>6,200.5</b>	<b>5,788.8</b>	<b>5,765.7</b>	<b>7,034.0</b>	<b>7,917.1</b>

Source: Bloomberg LP; Company reports; Laidlaw &amp; Company estimate

**Figure 5: Cash flow Statement**

<b>Actinium Pharmaceuticals</b>	<b>FY_11</b>	<b>FY_12</b>	<b>FY_13</b>	<b>FY_14E</b>	<b>FY_15E</b>
<i>Non-GAAP Cash Flow Cont. Ops. (\$ 000s, except per share data)</i>	Dec	Dec	Dec	Dec	Dec
<b>Cash flows from operating activities:</b>					
<b>Net income (loss)</b>	(3,444.8)	(8,361.2)	(10,773.8)	(29,635.2)	(22,167.5)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>					
Stock-based compensation expense	2,173.4	2,223.9	657.8	2,564.5	2,814.5
Depreciation expense	0.6	0.6	1.6	5.6	5.6
Loss on disposition of equipment	-	-	4.1	-	-
Amortization of debt discount	124.4	775.6	-	-	-
Amortization of deferred financing costs	40.4	252.2	-	-	-
Gain on extinguishment of liability	-	-	-	-	-
Gain on change in fair value of derivative liabilities	(14.0)	(685.4)	4,179.4	12,561.1	-
Other	-	-	-	-	-
Changes in assets and liabilities:					
R&D reimbursement receivable	41.6	234.1	-	-	-
Prepaid expenses and other current assets	4.8	(18.0)	106.6	(505.1)	(209.4)
Accounts payable and accrued expenses	556.0	334.3	(518.1)	287.5	192.9
Accounts payable and accrued expenses - related parties	-	31.2	50.0	124.1	59.4
<b>Net cash provided by (used in) operating activities</b>	<b>(517.6)</b>	<b>(5,212.7)</b>	<b>(6,292.4)</b>	<b>(14,597.5)</b>	<b>(19,304.4)</b>
<b>Cash flow from investing activities:</b>					
Payment made for patent rights	-	-	-	-	-
Purchases of property and equipment	-	(2.4)	(16.6)	(8.8)	(9.5)
<b>Cash provided by investing activities</b>	<b>-</b>	<b>(2.4)</b>	<b>(16.6)</b>	<b>(8.8)</b>	<b>(9.5)</b>
<b>Cash flows from financing activities:</b>					
Borrowings on convertible debt, net of offering costs	645.9	-	-	-	-
Sales of stock, net of offering costs	5,379.4	5,129.9	2,883.3	15,471.5	20,000.0
Payments on note payable	-	-	(140.0)	(138.3)	(19.5)
Proceeds from exercise of options	-	-	13.1	5.2	-
Proceeds from the exercise of warrant for cash	-	-	3,467.4	23.7	-
<b>Cash (used in) provided by financing activities</b>	<b>6,025.3</b>	<b>5,129.9</b>	<b>6,223.7</b>	<b>15,362.1</b>	<b>19,980.5</b>
Effect of exchange rates on cash	-	-	-	-	-
Net (decrease) increase in cash and cash equivalents	5,507.7	(85.1)	(85.3)	755.8	666.6
Cash and cash equivalents at beginning of the period	196.1	5,703.8	5,618.7	5,533.4	6,289.1
Cash and cash equivalents at end of period	-	<b>5,703.8</b>	<b>5,533.4</b>	<b>6,289.1</b>	<b>6,955.7</b>

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.

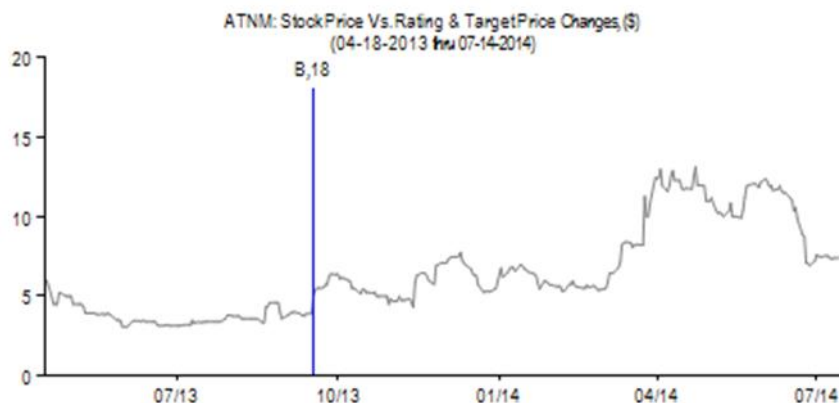
‡ Laidlaw & Company has received compensation from the subject company for investment banking services in the past 12 months and expects to receive or intends to seek compensation for investment banking services from the company in the next three months.

^ 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 Chairman of the Board of Directors of the subject company.

### RATINGS INFORMATION

#### Rating and Price Target Change History



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

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
<b>Strong Buy (SB)</b>	Expected to significantly outperform the sector over 12 months.	0.00%	0.00%	0.00%
<b>Buy (B)</b>	Expected to outperform the sector average over 12 months.	94.12%	35.29%	11.76%
<b>Hold (H)</b>	Expected returns to be in line with the sector average over 12 months.	5.88%	0.00%	0.00%
<b>Sell (S)</b>	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

### ADDITIONAL COMPANIES MENTIONED

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