LAIDLAW & COMPANY
Est. 1842
London
New York
San Francisco
Stamford
Ft. Lauderdale

EQUITY RESEARCH
Company Report

March 4, 2014

CEL-SCI Corporation (CVM - $ 1.12)

Healthcare / Biotechnology

First U.S. Clinical Site Opens for Phase III Head & Neck Study

Ticker:	**CVM**
Rating:	**Buy**
Price Target:	**$ 7.00**

On March 4, 2014 CVM announced its first U.S. Phase III Multikine trial at 21st Century Oncology in Greenville, NC. Management now expects to reach 10 – 15 U.S. sites by mid-2014.

- **First U.S. Clinical Trial Center.** CEL-SCI announced that it has activated its first U.S. clinical trial center for the Phase III study of Multikine in patients with head and neck cancer at 21st Century Oncology in Greenville, NC. 21st Century is a provider of integrated cancer care services with 133 centers in 16 states. CEL-SCI projects it will reach 10 - 15 U.S. trial centers by the summer of 2014. This announcement follows an enrollment update for the Phase III trial, which has reached 146 patients with 84 patients dosed in 44 centers. Prior reported enrollment was 117 patients in 39 centers in April 2013. Enrollment was exceedingly slow, in our opinion, with the company's former Clinical Research Organization (CRO), which it replaced with two new CROs in 2013. CEL-SCI, along with its current CROs, Ergomed and Aptiv Solutions, continues to add clinical sites in order to accelerate patient enrollment. CEL-SCI projects the Phase III study will reach the full enrollment of 880 patients by the end of 2015.
- **Other Indications.** In addition to the ongoing Phase III head and neck cancer study, CEL-SCI is exploring two other indications for Multikine including cervical dysplasia in HIV/HPV co-infected women and peri-anal warts in HIV/HPV co-infected patients. These indications both represent critical unmet medical needs and we believe any success in treating these diseases with Multikine could translate into significant market opportunities. Of note, the peri-anal warts study is being run with the U.S. Navy, which will incur most of the costs of the study. The Naval Medical Center San Diego has approved the start of a Phase I dose escalation study and we expect the first patient to be enrolled in the near-term. The company projects Phase I data will be available by the end of 2014. Ergomed has also signed a co-development agreement to work on this indication in support of the Navy, if required, and it will also assume 50% (up to $3 million) of the clinical and regulatory costs. Ergomed is going to conduct a Phase II trial to treat cervical dysplasia in HIV/HPV infected patients and it will assume 50% (up to $3 million) of the clinical and regulatory costs. This study is expected to begin following the completion of the Phase I peri-anal warts trial.
- **Maintain BUY Rating and Price Target.** We are maintaining our BUY rating and long term price target of $7.00. Our target is based on the NPV of our probability-adjusted forecasts for Multikine and a small value for the company's manufacturing plant.

Trading Data:

Last Price (03/04/2014)	$ 1.12
52–Week High (4/25/2013)	$ 3.09
52–Week Low (12/19/2013)	$ 0.53
Market Cap. (MM)	$ 63
Shares Out. (MM)	56

Earnings Estimates: (per share)

(Sept.)	1Q	2Q	3Q	4Q	FY	P/E
FY_15E	NA	NA	NA	NA	-0.49	NM
FY_14E	-0.09A	-0.12	-0.13	-0.13	-0.47	NM
FY_13A	-0.08	-0.02	-0.15	-0.06	-0.30	NM
FY_12A	-0.18	-0.41	-0.03	-0.09	-0.70	NM

Source: Laidlaw & Company estimates

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

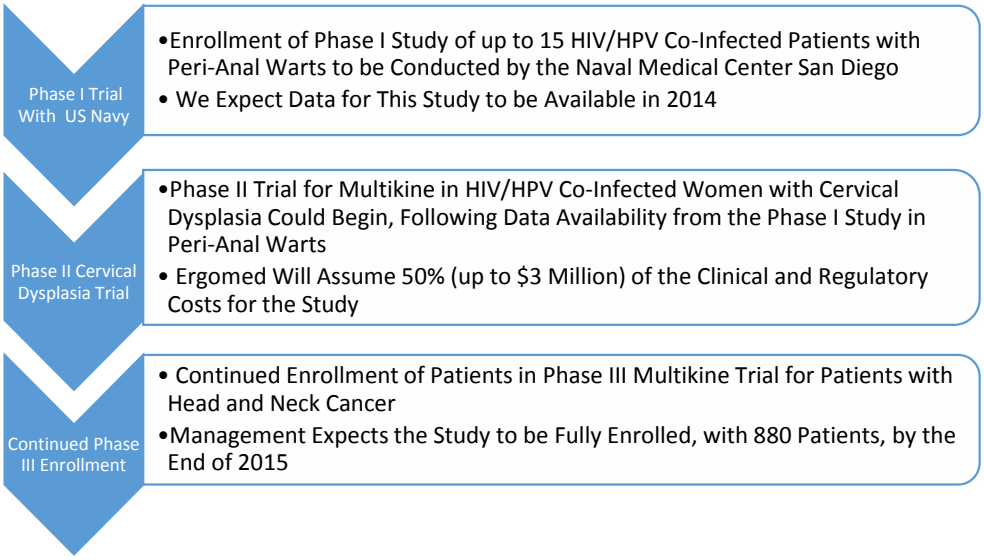
Christopher Wolpert
Associate Equity Analyst
cwolpert@laidlawltd.com

Figure 1: Multikine Phase III Trial Clinical Center Updates

CEL-SCI's lead investigational therapy, Multikine, is currently enrolling patients for a Phase III clinical trial in advanced primary head and neck cancer. As of February 2014, the study has enrolled 146 patients with an estimated 84 patients dosed with Multikine in 44 Centers. The company expects to reach full enrollment of 880 patients by 2015 as approved centers finalize logistics and approximately 50-60 centers are added worldwide. The following is a summary of recent clinical center announcements:	
March 4 2014	First U.S. clinical site announced at 21st Century Oncology in Greenville, North Carolina. Management expects to reach 10 - 15 U.S. clinical centers by mid-2014.
January 23 2014	Serbia becomes the 11th country providing approval to participate in the Phase III Mutlikine trial. Management projects 72 of the worldwide total of 880 patients for the study could be enrolled in Serbia.
December 05 2013	Bosnia and Herzegovina, the 10th and 11th countries in which the Phase III trial received approval, marked expansion into one-half of the target 20 countries conducting the trial. CVM expects to enroll approximately 30 patients in Bosnia and Herzegovina through 3 clinical centers.
November 20 2013	North American meeting including 14 US and Canadian clincial center participants held. Focus, as at the earlier European meeting, was on the critical discussion of protocols, regulatory issues, enrollment criteria, study procedures and safety issues.
November 12 2013	Croatian Republic approves enrollment of patients in Phase III trial, becomes the 9th country into which CVM expects to enroll approximately 40 patients in Croatia through 4 clinical centers.
October 21 2013	Successful clinical investigator meeting held in Europe. CVM will continue to have a focus on European expansion. The Phase III trial will be conducted at 56 clinical centers in 13 European Countries.
February 25 2013	Taiwanese partner, Orient Europharma,announces 2 new centers: China Medical University Hospital which is located in Taichung, Taiwan, and the the Buddhist Tzu Chi General Hospital which is located in Hualian, Taiwan.

Source: Company reports

Figure 2: Upcoming Expected Catalysts



Source: Company reports

Edward White
ewhite@laidlawltd.com

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. CEL-SCI is susceptible to all of these risks.

Other downside risks specific to CEL-SCI include the likelihood of the need to sell more stock to raise capital for the continuation for the Multikine Phase III trial, the timing of Multikine regulatory submission and approval, and the ultimate market potential and expectations for Multikine.

We note that this recommendation is speculative in nature due to the company's market cap, cash position and our opinion that the large majority of the value of the stock is hinged on a binary event, the approval of Multikine for the treatment of head and neck cancer.

Edward White
ewhite@laidlawltd.com

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.

RATINGS INFORMATION

Rating and Price Target Change History

3 Year Rating Change History

Date	Rating	Closing Price ($)
01/15/2013	Buy (B)	2.82

3 Year Price Change History

Date	Target Price ($)	Closing Price, ($)
01/15/2013	7.50**	2.82
01/06/2014	7.00	0.69

*** Split Adjusted*

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.	84.62%	30.77%	15.38%
Hold (H)	Expected returns to be in line with the sector average over 12 months.	7.69%	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.

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.

Edward White
ewhite@laidlawltd.com

NOTES:

Edward White
ewhite@laidlawltd.com