

## OPKO Health, Inc. (OPK - \$ 8.94)

### First Patient for Factor VIIa-CTP in Hemophilia Phase IIa Study Dosed

This morning, OPK announced dosing of the first patient of Factor VIIa-CTP (MOD-5014 IV) in hemophilia A or B patients Phase IIa dose escalation study. The study will evaluate safety and explore efficacy endpoints.

- Details.** It is an open label dose-escalating study to evaluate the acute safety, PK and pharmacodynamics (PD) of intravenous (IV) MOD-5014 in moderate/severe congenital adult hemophilia A or B patients. Primary endpoints include safety and tolerability measured by adverse events, ECG, lab results, vital signs and injection site reactions. Secondary outcome measures PK profile. The study is intended to enroll 24 hemophilia A or B patients both with and without inhibitors to Factor VIII or Factor IX, and with up to six doses according to information from Clinicaltrials.gov. Top-line results, we estimate, could potentially be available in 4Q16. Additionally, OPK is scheduled to start a subcutaneous Factor VIIa-CTP Phase IIa trial later this year, potentially in mid- to 2H16. Factor VIIa-CTP has been granted orphan drug designation in the U.S. and Europe.
- Implications.** We view today's news an important step for Factor VIIa-CTP's clinical advancement and OPK's overall pharmaceutical development as well. Factor VIIa-CTP is OPK's second in-development long-acting recombinant biologic that leverages its proprietary CTP technology to extend circulatory half-life without the use of other conjugates, such as polymers, encapsulation techniques, or nanoparticles. The leading hGH-CTP, which partnered with Pfizer is currently under a Phase III trial with top-line results expected in 2H16. MOD-5014 pre-clinical studies have demonstrated promising outcomes of longer plasma half-life and also might require less dosing to prevent bleeding compared to marketed NovoSeven. Factor VIIa is used for treating hemophilia A or B patients who would develop inhibitors against Factor VIII or Factor IX. We believe the market potential of MOD-5014 could be significant, with very limited competition given NovoSeven is the only approved recombinant FVIIa. NovoSeven has a dominant market share (in 2014, sales of ~ \$1.3 billion out of a total of \$1.7 billion).
- Action.** We are reiterating our Buy rating and \$22 price to reflect our bullish view on progress in OPK's multiple drivers in place, especially the 4Kscore test, Rayaldee, VARUBI (rolapitant) and hGH-CTP (MOD-4023). Our valuation is based on our DCF analyses.

### Earnings Estimates: (per share)

| (Dec)         | 1Q     | 2Q     | 3Q    | 4Q    | FY    | P/E |
|---------------|--------|--------|-------|-------|-------|-----|
| <b>FY-16E</b> | -      | -      | -     | -     | -0.01 | NM  |
| <b>FY-15E</b> | -0.26A | -0.09A | 0.26A | 0.01  | -0.06 | NM  |
| <b>FY-14A</b> | -0.11  | -0.06  | -0.11 | -0.12 | -0.41 | NM  |
| <b>FY-13A</b> | -0.11  | -0.01  | -0.17 | -0.04 | -0.32 | NM  |

Source: Laidlaw & Company estimates

### Healthcare/Biotechnology

|               |                 |
|---------------|-----------------|
| Ticker:       | <b>OPK</b>      |
| Rating:       | <b>Buy</b>      |
| Price Target: | <b>\$ 22.00</b> |

### Trading Data:

|                         |          |
|-------------------------|----------|
| Last Price (02/23/2016) | \$ 8.94  |
| 52-Week High (6/3/2015) | \$ 19.20 |
| 52-Week Low (1/20/2016) | \$ 7.12  |
| Market Cap. (MM)        | \$ 4,870 |
| Shares Out. (MM)        | 545      |

### Yale Jen, Ph.D.

Managing Director /  
Senior Biotechnology Analyst  
(212) 953-4978  
yjen@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

## Anticipated milestones in 2016 and beyond

| Product                    | Indication                                       | Event  | Timing         | Importance |
|----------------------------|--|--|----------------|------------|
| Rayaldee                   | SHPT in CKD Stage 3-4 patients                   | Start to build M&S organization                        | 1H16           | ***        |
|                            |  | PDUFA date   | March 29, 2016 | ****       |
|                            |  | Product launch   | 2H16           | ***        |
|                            |  | Potential include in for formulary of healthcare plans | 2017           | ****       |
| Rolapitant (VARUBI)        | Chemotherapy -induced nausea and vomiting (CINV) | Potential approval of the IV version                   | 4Q16           | ****       |
| hGH-CTP (MOD-4023)         | hGH deficiency                                   | Report of Phase III study top-line results             | 2H16           | ****       |
|                            |  | Potential product approval for adult hGH deficiency    | 2H17           | ***        |
|                            |  | Report of Phase III pediatric study top-line results   | 2018           | ****       |
| 4Kscore test               | Prostate cancer diagnostics                      | CMS reimbursement decision                             | 2016           | ****       |
|                            |  | Potential private payer reimbursement decision         | 2016 - 2017    | ****       |
| Claros 1 testosterone test | POC testosterone test                            | Potential 510(k) filing                                | 2H16           | ***        |
|                            |  | Potential approval                                     | 2017           | ****       |
| Claros 1 PSA test          | POC PSA test                                     | Modular PMA filing                                     | 2H16           | ***        |
|                            |  | Potential approval                                     | 2017           | ****       |
| Claros 1 vitamin D test    | POC vitamin D test                               | Potential 510(k) filing                                | 1Q17           | ****       |
|                            |  | Potential approval                                     | 2017           | ****       |
| MOD-5014 (IV)              |  | Potentially report Phase I/IIa study top-line results  | 4Q16           | ****       |
|                            |  | Potentially start Phase II/III study                   | 1H17           | ***        |
|                            |  | Potentially report Phase II/III study results          | 2Q18           | ****       |
| MOD-5014 (s.c)             | Hemophilia A/B with inhibitors                   | Potentially start Phase I study                        | Mid-16         | ***        |
|                            |  | Potentially report Phase I study results               | 1Q17           | ****       |
|                            |  | Potentially start Phase II study                       | 2H17           | ***        |
|                            |  | Potentially report Phase II study results              | Mid-18         | ***        |
| MOD-6031 (Oxyntomodulin)   | obesity  | Potentially start Phase I study                        | 1Q16           | ***        |

\*\*\*\* / \*\*\*\*\* Major catalyst event that could impact share price very significantly while \*\*\* event is more informative

Source: Laidlaw & Company estimates and company presentation.

## Major risks

---

**Risks of clinical study failure.** One of the key risks for healthcare product developer is failure of clinical studies that could potentially result in sunk costs in both capital and time lost. OPK currently has several mid- to late stage clinical trials underway. Failures of these studies, especially the Phase III pivotal trials, could have significant negative impact on share value. More specifically, clinical study success of MOD-4023 (hGH-CTP) is very important given it accounts for substantial valuation of OPK share value.

**Regulatory success is important.** Given the company currently has several products (in-house development and partnered) under regulatory agency review, whether to receive positive response and approval could have significant impact on share value. Although clinical study results for the several drugs currently under FDA review are rather robust; it remains possible that the agency may not grant approval or request additional clinical information or studies before considering approval. A scenario of this nature could have significant and immediate negative impact on OPK shareholder value.

**Merger and acquisition risks.** Although acquisition is a faster way to accomplish financial and strategic goals, it bears a number of risks especially post-merger. For example, due to the differences of corporate culture and mentality of operation, there are no assurance a successful integration can be accomplished immediately.

**Successful reimbursement is critical for commercial success.** Given the high price of medical products, it is important for most patients who will use them only if the diagnostic test or pharmaceutical products are reimbursed by third party payers, such as Medicare or private insurers. There is no certainty that the company's current or future products can be reimbursed by private or public parties. If so, we believe the revenue growth for such drug or diagnostic test could be limited.

**Products may not be approved or reach anticipated sales.** Although OPK's current pipeline products have exhibited the potential to generate positive clinical outcomes from current and future trials; it remains too early to project whether any of these products would be approved by regulatory agencies. Even if the products were to enter the market, sales could be significantly below projections due to the specific product label under approval, physician consensus for prescribing the drug, changes of treatment paradigms, entrance of competitors, and possibly the changes in pricing flexibility and payer reimbursement. A revenue outlook below expectations could also negatively affect OPK shareholder value.

**Ex-U.S. market risks.** Given several OPK operations are out-side of the U.S. and some are in emerging markets, certain risks, such as macroeconomic volatility, geopolitical risk and currency fluctuations could all impact on the revenue generated from and operation in these territories.

**Concentrated insider ownership.** Given senior management and other insiders own near 50% of OPK shares, the insider ownership is very concentrated. As such, insiders could have significant control and therefore, with the potential risk of creating price volatility. Highly concentrated insider ownership could also have impact on delaying or preventing a change in control of the company.

Figure 1: Income Statement

| OPKO Health – Income Statement                             |               |                |                |                |               |              |              |                |                |                |                |                |                |
|--|---------------|----------------|----------------|----------------|---------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (\$'MM)  | 2012          | 2013           | 2014           | 1Q15           | 2Q15          | 3Q15         | 4Q15E        | 2015E          | 2016E          | 2017E          | 2018E          | 2019E          | 2020E          |
| <b>Revenue</b>   |               |                |                |                |               |              |              |                |                |                |                |                |                |
| Products (Pharmaceuticals)                                 | 45.3          | 68.2           | 77.0           | 15.5           | 22.8          | 20.8         | 39.1         | 98.2           | 142.0          | 256.5          | 373.1          | 588.3          | 758.9          |
| Revenue from services (Diagnostics)                        | 1.7           | 11.7           | 8.7            | 2.1            | 1.9           | 103.9        | 269.5        | 377.4          | 1,110.3        | 1,300.3        | 1,499.2        | 1,712.1        | 1,956.1        |
| Revenue from transfer of intellectual property             | 0.0           | 16.7           | 5.5            | 12.5           | 17.7          | 18.4         | 18.4         | 66.9           | 67.6           | 68.2           | 68.9           | 69.6           | 70.3           |
| <b>Total revenue</b>                                       | <b>47.0</b>   | <b>96.5</b>    | <b>91.1</b>    | <b>30.1</b>    | <b>42.4</b>   | <b>143.0</b> | <b>326.9</b> | <b>542.4</b>   | <b>1,319.9</b> | <b>1,625.0</b> | <b>1,941.3</b> | <b>2,370.0</b> | <b>2,785.3</b> |
| Costs of revenues  | 27.9          | 48.9           | 48.0           | 10.3           | 14.4          | 67.3         | 159.4        | 251.5          | 683.1          | 825.1          | 968.4          | 1,117.9        | 1,289.6        |
| <b>Gross Incomes</b>                                       | <b>19.2</b>   | <b>47.7</b>    | <b>43.1</b>    | <b>19.8</b>    | <b>28.0</b>   | <b>75.7</b>  | <b>167.5</b> | <b>290.9</b>   | <b>636.7</b>   | <b>799.9</b>   | <b>972.9</b>   | <b>1,252.1</b> | <b>1,495.8</b> |
| Selling, general and administrative                        | 27.8          | 55.3           | 57.9           | 17.4           | 20.9          | 55.2         | 141.0        | 234.6          | 471.8          | 544.2          | 620.5          | 706.9          | 804.9          |
| Research and development                                   | 19.5          | 53.9           | 83.6           | 25.5           | 29.6          | 18.9         | 22.3         | 96.4           | 104.1          | 111.3          | 116.9          | 121.6          | 126.5          |
| In process research and development                        | 0.0           | 0.0            | 12.1           | -              | 0.0           | 0.0          | 0.0          | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Contingent consideration                                   | 0.8           | 6.9            | 24.4           | 5.2            | (0.3)         | 1.6          | 4.0          | 10.5           | 10.5           | 10.5           | 10.5           | 10.5           | 10.5           |
| Amortization of intangible assets                          | 8.3           | 11.1           | 10.9           | 2.7            | 3.2           | 8.1          | 8.5          | 22.5           | 34.0           | 34.0           | 34.0           | 34.0           | 34.0           |
| Grant repayment  | 0.0           | 0.0            | 0.0            | 25.9           | 0.0           | 0.0          | 0.0          | 25.9           | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Total Operating Expenses</b>                            | <b>56.4</b>   | <b>127.3</b>   | <b>188.9</b>   | <b>76.7</b>    | <b>53.4</b>   | <b>83.9</b>  | <b>175.9</b> | <b>389.9</b>   | <b>620.3</b>   | <b>700.0</b>   | <b>781.9</b>   | <b>873.0</b>   | <b>975.8</b>   |
| Total costs and expenses                                   | 84.3          | 176.2          | 236.9          | 87.0           | 67.8          | 151.3        | 335.3        | 641.4          | 1,303.5        | 1,525.1        | 1,750.4        | 1,990.9        | 2,265.4        |
| <b>Operating Incomes (losses)</b>                          | <b>(37.3)</b> | <b>(79.6)</b>  | <b>(145.8)</b> | <b>(56.9)</b>  | <b>(25.4)</b> | <b>(8.2)</b> | <b>(8.4)</b> | <b>(98.9)</b>  | <b>16.4</b>    | <b>99.9</b>    | <b>190.9</b>   | <b>379.1</b>   | <b>519.9</b>   |
| Interest income  | 0.2           | 0.4            | 0.8            | 0.0            | 0.1           | 0.0          | 0.0          | 0.1            | 0.8            | 0.9            | 1.0            | 1.1            | 1.1            |
| Interest expense   | (1.4)         | (13.8)         | (12.3)         | (2.6)          | (1.0)         | (2.7)        | (2.7)        | (9.0)          | (9.0)          | (9.0)          | (9.0)          | (9.0)          | (9.0)          |
| Fair value changes of derivative instruments, net          | 1.2           | (45.9)         | (10.6)         | (49.8)         | (16.6)        | 32.2         | 18.0         | (16.1)         | (18.0)         | (18.0)         | (18.0)         | (18.0)         | (18.0)         |
| Other income (expense), net                                | 0.2           | 34.8           | (3.1)          | (1.5)          | 0.8           | 17.5         | (1.7)        | 15.0           | 15.0           | 15.0           | 15.0           | 15.0           | 15.0           |
| Total Other Income, net                                    | 0.2           | (24.6)         | (25.2)         | (53.9)         | (16.7)        | 47.0         | 13.6         | (10.0)         | (11.2)         | (11.1)         | (11.0)         | (10.9)         | (10.9)         |
| <b>Income before tax</b>                                   | <b>(37.1)</b> | <b>(104.2)</b> | <b>(171.0)</b> | <b>(110.8)</b> | <b>(42.1)</b> | <b>38.8</b>  | <b>5.2</b>   | <b>(109.0)</b> | <b>5.2</b>     | <b>88.8</b>    | <b>179.9</b>   | <b>368.2</b>   | <b>509.0</b>   |
| Tax  | 9.6           | (1.7)          | (0.0)          | (5.5)          | (0.3)         | 93.0         | (1.0)        | 86.2           | (1.9)          | (32.8)         | (66.6)         | (136.2)        | (188.3)        |
| Loss before investment losses                              | (27.5)        | (105.9)        | (171.1)        | (116.3)        | (42.4)        | 131.7        | 4.2          | (22.8)         | 3.3            | 55.9           | 113.3          | 232.0          | 320.7          |
| Loss from investments in investees                         | (2.1)         | (11.5)         | (3.6)          | (1.8)          | (0.8)         | (3.5)        | (1.4)        | (7.5)          | (3.0)          | (3.0)          | (3.0)          | (3.0)          | (3.0)          |
| <b>Net income (loss)</b>                                   | <b>(29.5)</b> | <b>(117.3)</b> | <b>(174.6)</b> | <b>(118.0)</b> | <b>(43.2)</b> | <b>128.2</b> | <b>2.8</b>   | <b>(30.2)</b>  | <b>0.3</b>     | <b>52.9</b>    | <b>110.3</b>   | <b>229.0</b>   | <b>317.7</b>   |
| Net loss attributable to noncontrolling interests          | (0.5)         | (2.9)          | (3.0)          | (0.9)          | (0.5)         | (0.8)        | (0.9)        | (3.1)          | (3.1)          | (3.0)          | (3.0)          | (3.0)          | (3.0)          |
| <b>Net Income (Loss) Applicable to Common Shareholders</b> | <b>(31.3)</b> | <b>(114.8)</b> | <b>(171.7)</b> | <b>(117.1)</b> | <b>(42.7)</b> | <b>129.0</b> | <b>3.7</b>   | <b>(27.1)</b>  | <b>3.4</b>     | <b>55.9</b>    | <b>113.3</b>   | <b>232.0</b>   | <b>320.7</b>   |
| Net Earnings (Losses) Per Share—Basic and Diluted          | (\$0.11)      | (\$0.32)       | (\$0.41)       | (\$0.26)       | (\$0.09)      | \$0.26       | \$0.01       | (\$0.06)       | \$0.01         | \$0.11         | \$0.20         | \$0.46         | \$0.57         |
| Shares outstanding—basic and diluted                       | 295.8         | 355.1          | 422.0          | 446.5          | 456.5         | 500.6        | 543.3        | 486.7          | 551.3          | 494.7          | 559.3          | 502.7          | 567.3          |
|  | 295.8         | 355.1          | 422.0          | 446.5          | 456.5         | 514.3        | 543.3        | 490.1          | 551.3          | 498.1          | 559.3          | 506.1          | 567.3          |
| <b>Margin Analysis (% of Sales/Revenue)</b>                |               |                |                |                |               |              |              |                |                |                |                |                |                |
| Costs of goods   | 59%           | 61%            | 56%            | 59%            | 58%           | 58%          | 52%          | 53%            | 55%            | 53%            | 52%            | 49%            | 47%            |
| Gross margin   | 41%           | 39%            | 44%            | 41%            | 42%           | 42%          | 48%          | 47%            | 45%            | 47%            | 48%            | 51%            | 53%            |
| R&D  | 41%           | 56%            | 92%            | 85%            | 70%           | 13%          | 7%           | 18%            | 8%             | 7%             | 6%             | 5%             | 5%             |
| MG&A   | 59%           | 57%            | 64%            | 58%            | 49%           | 39%          | 43%          | 43%            | 36%            | 33%            | 32%            | 30%            | 29%            |
| Operating Income (loss)                                    | -79%          | -82%           | -160%          | -189%          | -60%          | -6%          | -3%          | -18%           | 1%             | 6%             | 10%            | 16%            | 19%            |
| Net Income   | -67%          | -119%          | -188%          | -389%          | -101%         | 90%          | 1%           | -5%            | 0%             | 3%             | 6%             | 10%            | 12%            |
| <b>Financial Indicator Growth Analysis (YoY%)</b>          |               |                |                |                |               |              |              |                |                |                |                |                |                |
| Products (Pharmaceuticals)                                 | 63%           | 50%            | 13%            | -22%           | 7%            | 20%          | 112%         | 28%            | 45%            | 81%            | 45%            | 58%            | 29%            |
| Revenue from services (Diagnostics)                        | 1196%         | 567%           | -26%           | 5%             | -11%          | 4087%        | 12974%       | 4254%          | 194%           | 17%            | 15%            | 14%            | 14%            |
| Revenue from transfer of intellectual property             | N.A.          | N.A.           | -67%           | 2532%          | N.A.          | N.A.         | 267%         | 1122%          | 1%             | 1%             | 1%             | 1%             | 1%             |
| Total Revenue  | 68%           | 105%           | -6%            | 35%            | 80%           | 623%         | 1180%        | 495%           | 143%           | 23%            | 19%            | 22%            | 18%            |
| R&D  | 72%           | 176%           | 55%            | 21%            | 82%           | -8%          | -13%         | 15%            | 8%             | 7%             | 5%             | 4%             | 4%             |
| SG&A   | 45%           | 99%            | 5%             | 26%            | 41%           | 294%         | 825%         | 305%           | 3%             | 9%             | 9%             | 9%             | 8%             |
| Operating income (loss)                                    | 61%           | 114%           | 83%            | 88%            | -27%          | -83%         | -74%         | -32%           | -117%          | 509%           | 91%            | 99%            | 37%            |
| Total Other Income, net                                    | -116%         | -15001%        | 3%             | 343%           | -280%         | -3277%       | -165%        | -60%           | 12%            | -1%            | -1%            | -1%            | 0%             |
| Net Income   | 754%          | 267%           | 49%            | 163%           | 68%           | -365%        | -107%        | -84%           | -112%          | 1559%          | 103%           | 105%           | 38%            |
| EPS  | 711%          | 206%           | 26%            | 143%           | 52%           | -326%        | -106%        | -86%           | -111%          | 1749%          | 79%            | 128%           | 23%            |

Yale Jen, Ph.D. 212-953-4978

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

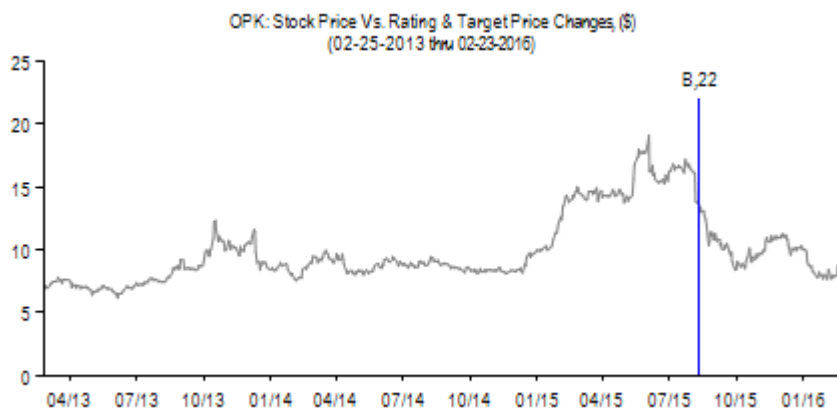
For the purpose of ratings distributions, regulatory rules require the firm to assign ratings to one of three rating categories (i.e. Strong Buy/Buy-Overweight, Hold, or Underweight/Sell) regardless of a firm's own rating categories. Although the firm's ratings of Buy/Overweight, Hold, or Underweight/Sell 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 & Co (UK) Ltd. has not provided any investment banking services for the company (ies) mentioned in this report over the last 12 months.

### RATINGS INFORMATION

#### Rating and Price Target Change History



#### 3 Year Rating Change History

| Date       | Rating  | Closing Price (\$) |
|------------|---------|--------------------|
| 08/12/2015 | Buy (B) | 13.45              |

#### 3 Year Price Change History

| Date       | Target Price (\$) | Closing Price, (\$) |
|------------|-------------------|---------------------|
| 08/12/2015 | 22.00             | 13.45               |

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.                         | 64.71%   | 26.47%  | 2.94%     |
| <b>Hold (H)</b>                  | Expected returns to be in line with the sector average over 12 months.            | 0.00%  | 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

Pfizer (PFE – 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](http://www.LaidlawLtd.com), or contact your investment representative or Laidlaw & Co (UK), Ltd at 546 Fifth Ave, 5th Floor, New York, NY 10036 USA.

© 2016 Laidlaw & Co. (UK), Ltd.

**NOTES:**