

Daily Research Highlights

NewLink Genetics Corporation: Conversion of Loan to Modest Royalty - Incremental Positive - Maintain BUY

Click on the headline title above to be taken to the report summary. Click on the title in the summary below to open the full pdf report.

Jeremy Feffer
Medical Devices and Diagnostics
212-915-1238, jfeffer@cantor.com

Joseph D. France, CFA
Managed Health Care
212-915-1239, jfrance@cantor.com

Daniel Gelbtuch
Semiconductors
212-294-7879, dgelbtuch@cantor.com

Mara Goldstein
Biotechnology
212-610-2215, mgoldstein@cantor.com

Ajay Jain
Food Retail/Wholesale
212-915-1240, ajain@cantor.com

Robert LaFleur
Gaming and Lodging
212-915-1259, rlafleur@cantor.com

Paul Mansky
Data Center Technology
415-325-4079, pmansky@cantor.com

Sri Nagarajan
REITs
212-915-1223, snagarajan@cantor.com

Sung Ji Nam
Life Science Tools and Diagnostics
212-915-1236, snam@cantor.com

Dale Pfau
Clean Technology and Energy Efficiency
650-551-1706, dpfau@cantor.com

Irina Rivkind
Specialty Pharmaceuticals
212-915-1237, irivkind@cantor.com

David Toti
REITs
212-915-1219, dtoti@cantor.com

March 27

NewLink Genetics Corporation (NLNK, BUY, Target: \$12.00) Mara Goldstein (212-610-2215, mgoldstein@cantor.com)

Conversion of Loan to Modest Royalty - Incremental Positive - Maintain BUY

- NewLink announced today that the Iowa Economic Development Authority (IEDA) will exchange its \$6 million loan to NewLink in exchange for a 0.5% royalty on future products up to the total amount of the loan. Given the modest size of the royalty and our expectation that if HyperAcute Pancreas is approved, it will take four years to satisfy the loan conversion, we are not altering our forward projections at this time.
- This conversion is an incremental positive as it (1) removes any overhang associated with repayment of loan and (2) allows the company to repay the loan from product sales rather than from current cash. Though the second was not a great concern to us given that NewLink had been able to secure waivers for repayment annually, it nonetheless frees up funds that otherwise would have been earmarked for payment, which we believe will make NewLink more attractive to potential partners.
- We maintain our price target of \$12 and BUY rating. This is based on a 40x multiple on our forecasted 2016 EPS of \$2.26 discounted at 50%.

Disclosures Appendix

Analyst Certification

The analyst primarily responsible for this research report, and whose name appears on the front cover, certifies that: (i) all of the views expressed in this research report accurately reflects his or her personal views about any and all of the subject securities or issuers featured in this report; and (ii) no part of any of the research analyst's compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed by the research analyst in this report.

Legal Disclosures

Cantor Fitzgerald and/or its affiliates and/or its officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this report.

Lead or Co-manager: Cantor Fitzgerald and/or its affiliates, has acted as lead or co-manager in a public offering of equity and/or debt securities for NewLink Genetics Corporation within the last 12 months

Investment banking (last 12 months): Cantor Fitzgerald and/or its affiliates has received compensation for investment banking services in the last 12 months from NewLink Genetics Corporation.

Investment banking (next 3 months): Cantor Fitzgerald and/or its affiliates, expect to receive, or intend to seek, compensation for investment banking services within the next three months from all of the companies referenced within this report.

Cantor Fitzgerald's rating system

BUY: We have a positive outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors add to their position.

HOLD: We have a neutral outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation.

SELL: We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

NC: Not Covered. Cantor Fitzgerald does not provide an investment opinion or does not provide research coverage on this stock.

Prior to September 12, 2006, Cantor Fitzgerald had the below ratings:

BUY - denotes stocks that we expect will provide a total return (price appreciation plus yield) of 15% or more over a 12-month period. A BUY rated stock is expected to outperform the total average return of analyst's industry coverage universe on a risk adjusted basis.

HOLD - denotes stocks that we suggest will provide a total return or total negative return of up to 15% over 12-month period. A HOLD rated stock is expected to perform in-line with the total average return of the analyst's industry coverage universe on a risk adjusted basis.

SELL - denotes stocks that we expect to provide a total negative return of more than 15% over a 12 month period. A SELL rated stock is expected to underperform the total average return of the analyst's industry coverage universe on a risk adjusted basis.

NC - Not Covered. Cantor Fitzgerald does not provide research coverage on this company.

Other Disclosures

This report is for informational purposes only and is based on publicly available data believed to be reliable, but no representation is made that such data are accurate or complete. Opinions and projections contained herein reflect our opinion as of the date of this report and are subject to change. Pursuant to Cantor Fitzgerald's policy, the author of this report does not own shares in any company he/she covers.

Additional material for UK investors

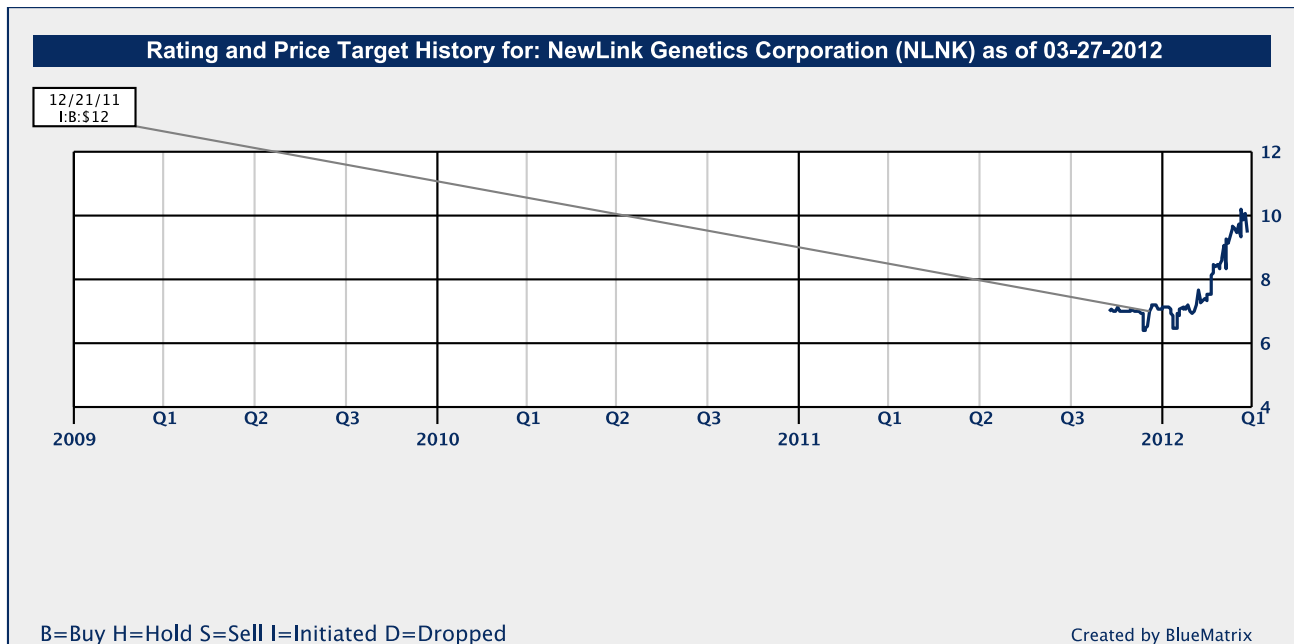
This material is approved for distribution in the United Kingdom by Cantor Fitzgerald Europe, regulated by the Financial Services Authority (FSA). While we believe this information and the materials upon which this information was based is accurate, except for any obligations under the rules of the FSA, we do not guarantee its accuracy. This material is only intended for use by professionals or institutional investors who fall within articles 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and not the general investing public. None of the investments or investment services mentioned or described herein are available to other persons in the U.K and in particular are not available to "private customers" as defined by the rules of the FSA.

Disclosure for Canadian Institutional Investors

This research report was prepared by analysts of Cantor Fitzgerald & Co. and not by Cantor Fitzgerald Canada Corporation. As a result this report has not been prepared subject to Canadian Disclosure requirements. Cantor Fitzgerald Canada Corporation itself does not issue research reports but may distribute research reports prepared by its affiliates.

Risks

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based on their specific investment objectives. Past performance should not be taken as an indication or guarantee of future performance. The price, value of and income from, any of the financial instruments featured in this report can rise as well as fall and be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's currency, a change in exchange rates may adversely affect the price or value of, or income derived from, the financial instrument, and such investors effectively assume currency risk. In addition, investors in securities such as ADRs, whose value is affected by the currency of the home market of the underlying security, effectively assume currency risk.



Distribution of Ratings/Investment Banking Services (IB) as of 03/28/12

Rating	Cantor		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	53	53.54	4	7.55
HOLD [H]	36	36.36	1	2.78
SELL [S]	10	10.10	0	0.00