**BIOTECHNOLOGY**
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**Company Update**

EQUITY RESEARCH

September 28, 2011

**Key Metrics**

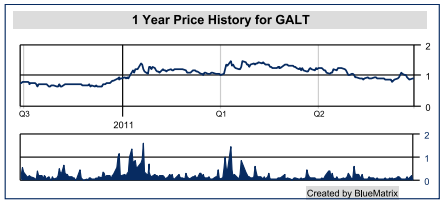
| | |
|---|---|
| GALT - OTC BB | $0.91 |
| Pricing Date | Sep 27 2011 |
| Price Target | $6.00 |
| 52-Week Range | $1.57 - $0.62 |
| Shares Outstanding (mm) | 74.1 |
| Market Capitalization ($mm) | $67.1 |
| 3-Mo Average Daily Volume | 116,204 |
| Book Value/Share | $0.12 |
| Price/Book | 7.5x |

**EPS($) FY: December**

| | 2010A | Prior 2011E | Curr. 2011E | Prior 2012E | Curr. 2012E |
|---|---|---|---|---|---|
| 1Q-Mar | -- | -- | (0.04)A | -- | -- |
| 2Q-Jun | -- | -- | (0.06)A | -- | -- |
| 3Q-Sep | -- | -- | (0.05)E | -- | -- |
| 4Q-Dec | -- | -- | (0.04)E | -- | -- |
| FY | (0.15) | -- | (0.19)E | -- | (0.21)E |
| P/E | | | | | |

**Revenue($mm)**

| | 2010A | Prior 2011E | Curr. 2011E | Prior 2012E | Curr. 2012E |
|---|---|---|---|---|---|
| 1Q-Mar | -- | -- | 0.0A | -- | -- |
| 2Q-Jun | -- | -- | 0.0A | -- | -- |
| 3Q-Sep | -- | -- | 0.0E | -- | -- |
| 4Q-Dec | -- | -- | 0.0E | -- | -- |
| FY | 0.0 | -- | 0.0E | -- | 0.0E |




***Company Description:***
*Galectin Therapeutics Inc., a small biopharmaceutical company based in Newton, Massachusetts, is a leader of galectin science, applying its expertise to drug development for fibrotic disease and oncology.*

# Galectin Therapeutics Inc.

# Rating: Buy

## Possible Approval in Colombia Could Come in 4Q; Reiterating Buy Rating

### Investment Highlights:

- **Approval Soon.** We are likely only a few weeks away from possible clinical approval of GM-CT-01 for colorectal cancer in Colombia. We have known that GM-CT-01 could win approval for colorectal cancer in Colombia and other Latin American countries based on current data. We expect a decision from INVIMA on the clinical approvability in 4Q11 and the technical portion by 1Q12. Clinical approvability is more important than technical approval, which only includes data such as CMC and stability data. In our opinion, clinical approval in 4Q11 would imply very little risk to marketing approval in Colombia.
- **Expectations Low.** If sanctioned, we believe the drug could eventually generate $7mm-$10mm of profit, which would help GALT finance development of its pipeline. The company gets paid on delivery of raw material to its partner, Procaps SA, so it is likely that we won't have to wait for wholesaler or physician usage sales next year in order for Galectin Therapeutics to increase its cash flow. Because this process is not as transparent as the FDA's or the EMEA's, we have not included any revenues from possible approval of GM-CT-01 in Colombia; however, an approval would significantly change our 2012 cash flow expectations for the company.
- **Procaps Infrastructure.** We have learned that Procaps has significant commercial infrastructure and relationships within INVIMA, which we believe lowers the regulatory and marketing risks. With an estimated population of over 48 million, Colombia itself is a significant market; in our opinion, approval by INVIMA could open doors for Procaps and Galectin to market this drug in several other Latin American markets.
- **Expect GM-CT-01 Phase I in 1H12.** We believe Phase I and II studies with lead drug candidate GM-CT-01 demonstrate solid proof of safety and encouraging signs of efficacy in colorectal cancer. In addition, Dr. Peter Traber, the company's President, CEO, and Chief Medical Officer, has begun to focus GALT on developing a drug for the treatment of liver fibrosis. Because of the high unmet need in liver fibrosis, we believe peak sales for a drug that can reverse fibrosis could reach $3.6 billion in 2018. We also believe there is very strong preclinical proof that Galectin's drugs can reverse liver fibrosis. Management expects to initiate Phase I/II trials in 1H12, with possible proof of concept results by 1H13.

# Investment Thesis

- **Galectin Science**. Galectin Therapeutics is pioneering a new technology based on galectin science, a unique area of confluence between carbohydrate and protein chemistry. Many scientists have been working to improve their understanding and application of galectin science due to the vast nature of its application in oncology and immunology. In our opinion, Galectin Therapeutics is far ahead of the competition with respect to developing drugs that can target galectin proteins. Because the backbone of this technology is carbohydrate-based, the company's drugs have the advantages of antibody technology (i.e., a long half-life and targeting) and are very safe because of simple breakdown molecules.

- **Turnaround Story**. Over the past few years, Galectin Therapeutics' research team has substantially developed galectin-targeting drugs despite tough macroeconomic conditions and inadequate strategies set forth by previous top management. Galectin's recently named CEO, Dr. Peter Traber, formerly the CMO of GlaxoSmithKline, has a very strong background in research, medicine, and business. In our opinion, Dr. Traber has been able to quickly reevaluate the company's business, redirecting its focus to areas of strategic interest that, in our opinion, could yield significant share price appreciation from current levels.

- **Liver Fibrosis.** Galectin Therapeutics is developing a potentially blockbuster therapy for liver fibrosis, an area of high unmet need. The company's significant near-term catalysts include potential approval of a colorectal cancer therapeutic in Colombia by 1Q12, potential proof of concept as an additive to chemotherapeutics and cancer vaccines for enhancing immunology by mid-2012, and potential human proof of concept of reversal in liver fibrosis starting in 1H13.

# Investment Positives

1. **Galectin Technology.** Galectin Therapeutics, as the name suggests, is the leader in research and development in the area of galectin science. Galectin science relates to targeting galectin proteins, a group of about 15 proteins that are secreted from several different tissues in the body and normally act as key mediators of disparate biologic and pathologic functions. The company's initial data have shown galectin's potential role in several oncology and immunology-related disease areas. As a result, we believe galectin targeting has the ability to progress development of several therapeutics with blockbuster potential. In our opinion, Galectin Therapeutics stands out among its peers based on the company's expertise in galectin technology.
2. **Liver Fibrosis**. Specifically, we are very excited that the company's technology could yield blockbuster treatment of liver fibrosis, in light of the following:
    1. There is compelling evidence from preclinical data that this technology can potentially reverse liver fibrosis.
    2. The safety profile of the company's technology was established in prior Phase I and Phase II cancer trials, which lowers clinical risk and could shorten the time needed for clinical development.
    3. There is a high unmet need for patients with liver fibrosis; the disease results in a high rate of morbidity, and there are no approved drugs or investigational drugs that have shown reversal of the disease.
3. **Colorectal Cancer.** We believe the company's Phase I and II studies with lead drug candidate GM-CT-01 established solid proof of safety and encouraging signs of efficacy in colorectal cancer. Galectin has chosen to decelerate the development in colorectal cancer due to a shifting focus to immunology and also due to limited financial resources. We believe management will eventually be successful at finding a partner with which to fully develop GM-CT-01 in colorectal cancer.

4. **Inexpensive Valuation.** We calculate an intrinsic value of approximately $6 per share for Galectin Therapeutics through our sum-of-parts methodology, in which we assign a per-share value to the company's liver fibrosis pipeline, oncology pipeline, and technology. Based on our valuation, there is approximately 5.6x upside to the stock price based on yesterday's closing price.
5. **Significant Upside From Pipeline.** Our model assumes probability-adjusted contributions from liver fibrosis and colorectal cancer; however, we believe realization of the following scenarios could provide upside to our estimates:
    1. GM-CT-01 could win approval for colorectal cancer in Colombia and other Latin American countries based on current data. We expect a decision from INVIMA on the clinical approvability in 4Q11 and the technical portion by 1Q12.
    2. The company’s drug candidate could enhance actions of immunological therapy of metastatic melanoma; we expect to start seeing results from a metastatic melanoma trial run by the Ludwig Institute for Cancer (Brussels) by mid-2012.
    3. There is early evidence that the company’s technology could potentially be active in several solid tumors; we currently do not assume any contribution from this in our projections.
6. **Catalysts.** In our opinion, there are several catalysts over the next 6 to 18 months that could trigger meaningful upside to Galectin's stock price:
    1. The Ludwig institute for Cancer Research in Brussels expects to initiate a Phase I/Phase II study to evaluate GM-CT-01 in advanced metastatic melanoma by September, with results possibly beginning in mid-2012.
    2. The company expects marketing approval of GM-CT-01 in Colombia during 1H12, with other Latin American countries starting thereafter.
    3. In mid-2012 we expect the company to initiate a Phase I/II trial to evaluate GM-CT-01 or GR-MD-02 in liver fibrosis patients. We could see results from that trial during 1H13.
    4. Next year, we expect the company to focus on a partnership enabling Phase III testing of GM-CT-01 trials in colorectal cancer.
7. **Strong Management.** The depth of Galectin Therapeutics' management team is impressive, in our view. Management has extensive experience in both the healthcare and business fields. Dr. Peter Traber, who was named CEO of Galectin in March 2011, has a significant background in clinical development, medical affairs, research and business; he was previously the CEO of University of Pennsylvania Health System and CMO of GlaxoSmithKline plc. Anatole Klyosov, Ph.D., D.Sc., one of the company's founders, remains its CSO; Dr. Klyosov is widely published and considered an expert in galectin science. Dr. Traber is also supported by Eliezer Zomer, Ph.D., VP of Manufacturing and Product Development since 2003; Anthony Squeglia, CFO, since October 2007; and Maureen E. Foley, COO, since 2001. Dr. Scott Friedman, a pioneer in the field of liver fibrosis and currently the Chief of Liver Diseases at Mount Sinai School of Medicine, is one of Galectin Therapeutics' advisors.

# Investment Risks

- **Financial Risks.** The company may need financing to sustain and grow its pipeline, which could be dilutive to current shareholders.
- **Clinical Risks.** Drugs in pre-clinical and clinical trials may not advance because of inadequate safety and/or efficacy, or because a determination of efficacy or safety cannot be made. Specifically, the company's drugs could fail to show efficacy in liver fibrosis and colorectal cancer in human trials.
- **Regulatory Risks.** Drugs may not gain approval from regulatory agencies such as the FDA, EMEA, or INVIMA.

Competition. Although competition in galectin technologies, and, hence, Galectin Therapeutics' drugs, is limited, it will likely increase from the many public and private companies developing pharmaceuticals using disparate technologies.

- **Reimbursement Risk.** Sales of Galectin Therapeutics' drugs will probably be highly dependent on reimbursement from private insurers, as well as government agencies. Success of an approved drug will depend on reimbursement, which can depend on the strength of clinical data.
- **Collaborative Risk.** Galectin Therapeutics may have little or no control over partnered programs, and, as such, the interests of collaborative partners may not be aligned with those of the company's shareholders.

# Valuation

We calculate an intrinsic value of approximately $6 per share for Galectin Therapeutics through our sum-of-parts methodology, in which we assign a per-share value to the company's liver fibrosis pipeline, oncology pipeline, and technology using an 89.5 million share count (in 2013), assuming meaningful dilution from current levels. We derive our price target of $6 by dividing our calculated component values, as detailed in Figure 1, below, by 89.5mm shares, and rounding up the sum of the per-share figures.

**Figure 1: Sum-of-Parts Valuation (in $ millions)**

| Component | Value |
|---|---|
| Severe Liver Fibrosis | 342 |
| Oncology | 58 |
| Technology value | 100 |
| **Total** | **501** |

**Cash beyond 1 year*

*Source: Morgan Joseph TriArtisan LLC estimates*

In building our model for a potential treatment for liver fibrosis, we considered the sickest patients and assumed pricing of the drug at the lower end of similarly beneficial orphan disease drugs. Because the drug candidate is in the early stages of development, we ascribed the probability of approval at around 25%. We also assume that the drug will be partnered and that Galectin Therapeutics will retain a 30% share of profits of this program.

**Figure 2: Estimated Acute Liver Fibrosis Market in the U.S.**

| Severe Liver Market | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Patient Market | 61,000 | 64,050 | 67,253 | 70,615 | 74,146 | 77,853 | 81,746 | 85,833 | 90,125 | 94,631 | 99,363 |
| Drug cost ($/year) | 98,012 | 101,932 | 106,010 | 110,250 | 114,660 | 119,247 | 124,016 | 128,977 | 134,136 | 139,502 | 145,082 |
| Annual $ market ($ million) | 5,979 | 6,529 | 7,129 | 7,785 | 8,502 | 9,284 | 10,138 | 11,071 | 12,089 | 13,201 | 14,416 |
| Peak Penetration | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| Peak Sales ($ million) | 1,793.6 | 1,958.6 | 2,138.8 | 2,335.6 | 2,550.5 | 2,785.1 | 3,041.3 | 3,321.2 | 3,626.7 | 3,960.4 | 4,324.7 |
| Drug Inflation | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |
| Patient market growth | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Value ($ million) | | | | | | | | | 21,760 | 23,762 | 25,948 |
| Present Value ($million) | 3,651 | 4,563 | 5,704 | 7,130 | 8,913 | 11,141 | 13,927 | 17,408 | | | |
| Years to approval | 5 | | | | | | | | | | |
| Years to peak from approval | 3 | | | | | | | | | | |
| Total years to peak | 8 | | | | | | | | | | |
| Peak Year | 2018 | | | | | | | | | | |
| Sales Multiple | 6 | | | | | | | | | | |
| Discount Rate | 25% | | | | | | | | | | |
| Probability of approval | 25% | | | | | | | | | | |
| Profitability to company | 30% | | | | | | | | | | |
| **Prob. Adj. value ($ million)** | **342** | | | | | | | | | | |

*Source: Morgan Joseph TriArtisan LLC estimates*

The pricing of the drug is within the range of highly priced cancer and orphan disease drugs, as shown below:

**Figure 3: Annual Pricing for Select Cancer and Orphan Disease Drugs**

| Drug | Disease | US prevalence | Delivery | Pricing ($/year) |
|---|---|---|---|---|
| Sutent | Renal Cancer | 90,000 | Oral | 48,000 |
| Tarceva | Lung Cancer | 148,800 | Oral | 70,000 |
| Provenge | Prostate Cancer | 2,276,000 | Infusion | 92,000 |
| GM-CT-01™ | Severe Liver Disease | 60,000 | Infusion | 98,000 |
| Zavesca | Gaucher's disease | 5,000 | Oral | 128,000 |
| Fabrazyme | Fabry's disease | 2,500 | Infusion | 239,000 |
| Elaprase | Hunter syndrome | 1,500 | Infusion | 400,000 |
| Naglazyme | MPS VI | 1,200 | Infusion | 441,000 |
| Cerezyme | Gaucher's disease | 5,000 | Infusion | 521,000 |
| Soliris | PNH | 1,050 | Infusion | 497,000 |

*Source: Morgan Joseph TriArtisan LLC estimates*

In building our model for a potential treatment for oncology, we considered the metastatic colorectal cancer market, which is large and rife with competition. We assumed peak penetration of only 10%, as we have not yet seen data on this drug candidate from a randomized trial. We assigned a 35% probability of approval for this indication and 15% profitability to the company following a partnership.

**Figure 4: Estimated Colorectal Cancer Market**

| Colorectal Cancer | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Patient Market | 106,100 | 111,405 | 116,975 | 122,824 | 128,965 | 135,413 | 142,184 | 149,293 | 156,758 | 164,596 | 172,826 |
| Drug cost ($/year) | 24,000 | 24,960 | 25,958 | 26,997 | 28,077 | 29,200 | 30,368 | 31,582 | 32,846 | 34,159 | 35,526 |
| Annual $ market ($ million) | 2,546 | 2,781 | 3,036 | 3,316 | 3,621 | 3,954 | 4,318 | 4,715 | 5,149 | 5,623 | 6,140 |
| Peak Penetration | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Peak Sales ($ million) | 254.6 | 278.1 | 303.6 | 331.6 | 362.1 | 395.4 | 431.8 | 471.5 | 514.9 | 562.3 | 614.0 |
| Drug Inflation | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |
| Patient market growth | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Value ($ million) | | | | | | | | | 3,089 | 3,374 | 3,684 |
| Present Value ($million) | 995 | 1,114 | 1,248 | 1,397 | 1,565 | 1,753 | 1,963 | 2,199 | | | |
| Years to approval | 6 | | | | | | | | | | |
| Years to peak from approval | 4 | | | | | | | | | | |
| Total years to peak | 10 | | | | | | | | | | |
| Peak Year | 2020 | | | | | | | | | | |
| Sales Multiple | 6 | | | | | | | | | | |
| Discount Rate | 12% | | | | | | | | | | |
| Probability of approval | 35% | | | | | | | | | | |
| Profitability to company | 15% | | | | | | | | | | |
| **Prob. Adj. value ($ million)** | **58** | | | | | | | | | | |

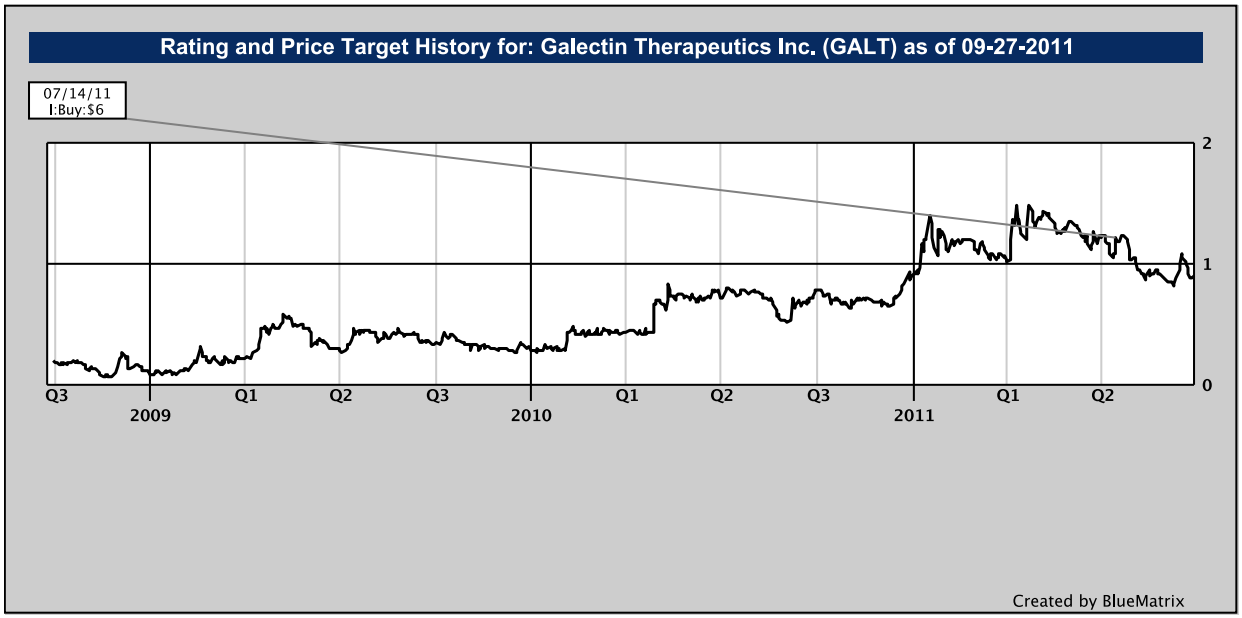
*Source: Morgan Joseph TriArtisan LLC estimates*

Our valuation of the company's technology component ascribes 25% of the total value of the pipeline to the company's galectin-based technology assets. As it relates to Galectin Therapeutics, our methodology is similar or more conservative than the values we assign to companies with technology platforms such as ImmunoGen (IMGN/NASDAQ-$11.63-Buy) and Nektar Therapeutics (NKTR/NASDAQ-$5.31-Buy).

| Income Sheet ($in millions) | 2010A | Q111A | Q211A | Q311E | Q411E | 2011E | 2012E | 2013E | 2014E | 2015E | 2016E | 2017E | 2018E | 2019E | 2020E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | | | | | | | | |
| Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 62.7 | 136.9 | 207.6 | 272.0 | 297.0 | 324.4 |
| **Total Revenues** | **0.0** | **0.00** | **0.00** | **0.00** | **0.00** | **0.0** | **0.0** | **0.0** | **0.0** | **62.7** | **136.9** | **207.6** | **272.0** | **297.0** | **324.4** |
| Operating Expenses | | | | | | | | | | | | | | | |
| COGS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.4 | 9.6 | 14.5 | 19.0 | 20.8 | 22.7 |
| R&D | 1.1 | 0.7 | 1.3 | 1.4 | 1.2 | 4.6 | 10.2 | 13.7 | 15.8 | 17.4 | 19.1 | 21.0 | 23.1 | 25.4 | 28.0 |
| SG&A | 3.8 | 1.3 | 1.7 | 1.3 | 1.4 | 5.7 | 6.0 | 6.3 | 6.6 | 12.5 | 27.4 | 41.5 | 54.4 | 59.4 | 64.9 |
| Other | | | | | | | | | | | | | | | |
| Total Operating Expenses | 4.9 | 2.0 | 3.0 | 2.7 | 2.6 | 10.3 | 16.2 | 20.0 | 22.4 | 34.3 | 56.1 | 77.1 | 96.6 | 105.6 | 115.6 |
| **Operating Income** | **(4.9)** | **(2.0)** | **(3.0)** | **(2.7)** | **(2.6)** | **(10.3)** | **(16.2)** | **(20.0)** | **(22.4)** | **28.4** | **80.8** | **130.5** | **175.4** | **191.4** | **208.8** |
| Interest and Other Income | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | -0.1 | -0.1 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.3 | -0.3 | -0.3 |
| Interest Expense | 0.0 | -0.4 | 0.0 | 0.0 | 0.0 | -0.4 | -0.4 | -0.4 | -0.4 | -0.5 | -0.6 | -0.6 | -0.6 | -0.7 | -0.7 |
| Other | -0.8 | | | | | | | | | | | | | | |
| Income Before Taxes | -5.6 | -2.4 | -3.1 | -2.7 | -2.6 | -10.8 | -16.7 | -20.5 | -23.0 | 27.7 | 80.0 | 129.6 | 174.5 | 190.4 | 207.8 |
| Taxes | 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 |
| **Net Income** | **(5.6)** | **(2.4)** | **(3.1)** | **(2.7)** | **(2.6)** | **(10.8)** | **(16.7)** | **(20.5)** | **(23.0)** | **27.7** | **80.0** | **129.6** | **174.5** | **190.4** | **207.8** |
| Preferred stock dividends | -0.9 | -0.3 | -0.8 | -0.8 | -0.8 | -2.8 | -1.5 | -1.5 | -1.5 | -1.5 | -1.5 | -1.5 | -1.5 | -1.5 | -1.5 |
| Preferred stock accretion | -2.2 | 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 |
| Net Income (shareholders) | -8.7 | -2.7 | -3.9 | -3.5 | -3.4 | -13.6 | -18.2 | -22.0 | -24.5 | 26.2 | 78.5 | 128.1 | 173.0 | 188.9 | 206.3 |
| **EPS** | **-0.15** | **-0.04** | **-0.06** | **-0.05** | **-0.04** | **-0.19** | **-0.21** | **-0.24** | **-0.25** | **0.29** | **0.80** | **1.23** | **1.58** | **1.64** | **1.70** |
| Shares outstanding | 56.3 | 66.9 | 69.5 | 70.9 | 79.0 | 71.6 | 78.8 | 86.6 | 91.0 | 95.5 | 100.3 | 105.3 | 110.6 | 116.1 | 121.9 |

*Source: Company Reports and Morgan Joseph TriArtisan LLC estimates*

## Required Disclosures




**Price Target**

Our price target is $6 per share.

**Valuation Methodology**

We calculate an intrinsic value of approximately $6 per share for Galectin Therapeutics through our sum-of-parts methodology, in which we assign a per-share value to the company's liver fibrosis pipeline, oncology pipeline, and technology using an 89.5 million share count (in 2013), assuming meaningful dilution from current levels.

**Risk Factors**

**Financial Risks.** The company may need financing to sustain and grow its pipeline, which could be dilutive to current shareholders.

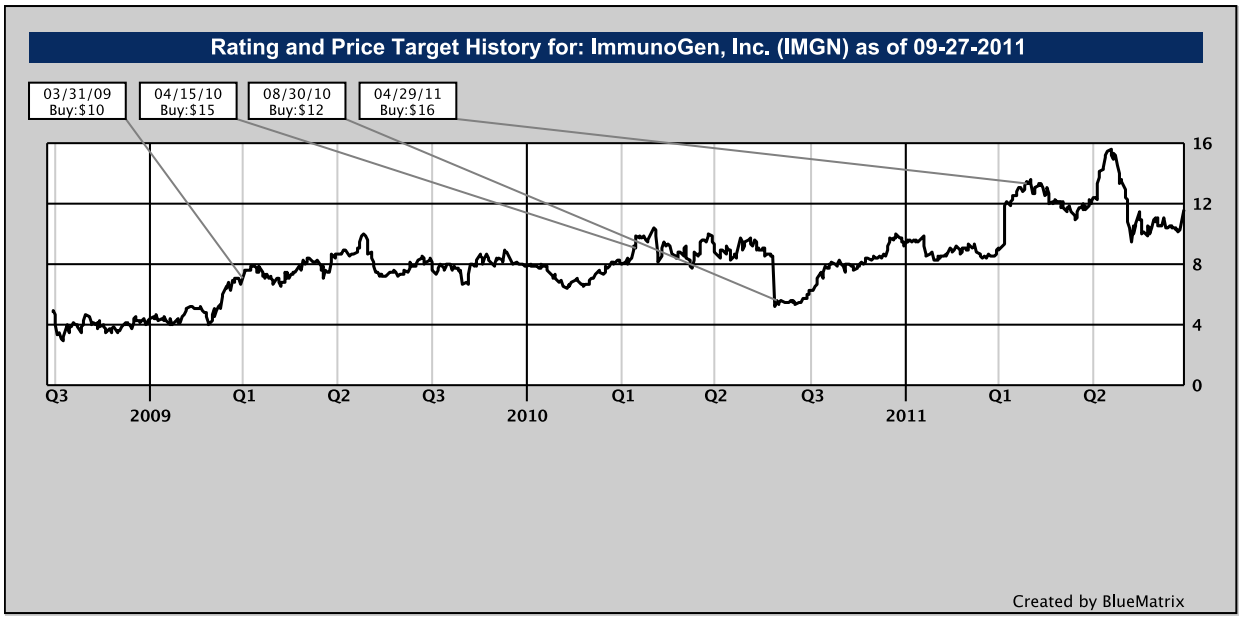
**Clinical Risks.** Drugs in pre-clinical and clinical trials may not advance because of inadequate safety, efficacy, or because a determination of efficacy or safety cannot be made.

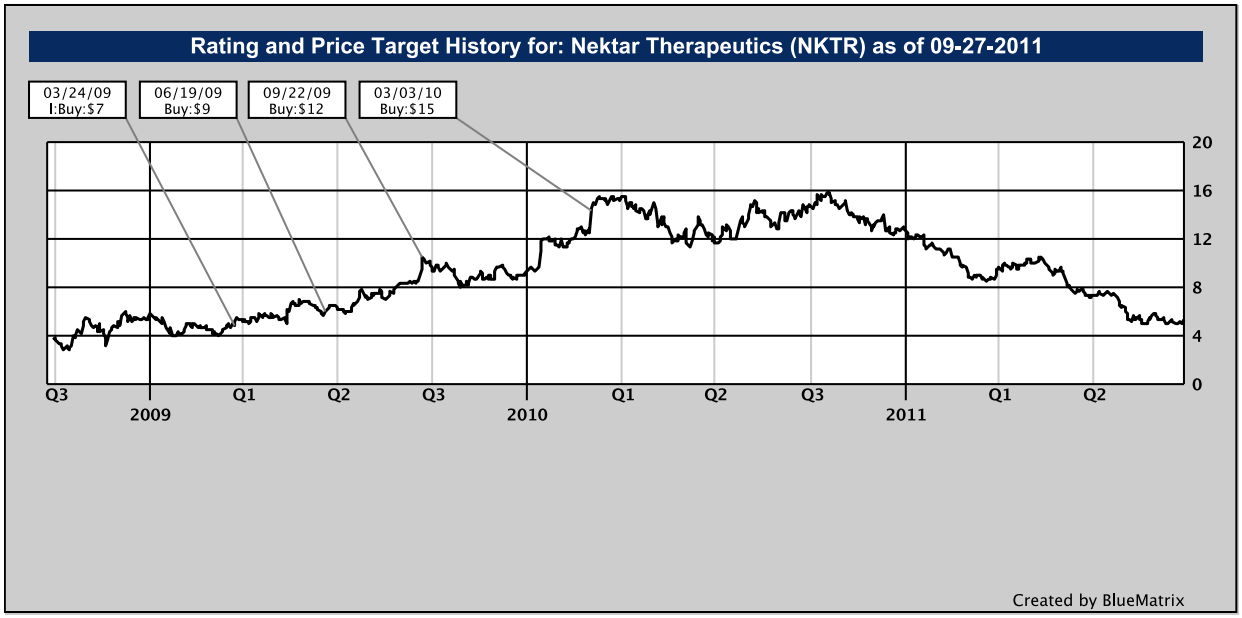
**Regulatory Risks.** Drugs may not gain approval from regulatory agencies such as the FDA, EMEA, or INVIMA.

**Competition.** Although competition with galectin technologies is limited, We expect competition for Galectin Therapeutics' drugs from many public and private companies developing pharmaceuticals using disparate technologies.

**Reimbursement Risk.** Sales of Galectin Therapeutics' drugs will likely be highly dependent on reimbursement from private insurers as well as government agencies. Success of an approved drug will depend on reimbursement, which can depend on the strength of clinical data.

**Collaborative Risk.** Galectin Therapeutics may have little or no control over partnered programs, and since interests of collaborative partners such as may not be aligned with those of the company's shareholders.

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Morgan Joseph TriArtisan LLC has managed or co-managed a public offering of securities for ImmunoGen Inc. within the past 12 months.

| Rating | Percent | Investment Banking Services/Past 12 Mos. Percent |
|---|---|---|
| BUY [B] | 68.90 | 11.90 |
| HOLD [H] | 31.10 | 5.26 |
| SELL [S] | 0.00 | 0.00 |

Meaning of Ratings

A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.
B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.
C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

## Other Disclosures

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