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COMPANY UPDATE

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August 1, 2018

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Cel-Sci (NYSE American/CVM)

Neutral **Multikine Read-Out Could Come in 2019**

Cel-Sci engages in the research and development of drugs and vaccines

Current Price **$0.89**

Price Target **N/A**

Estimates	F2016A	F2017A	F2018E
Revenues($000s)	$285	$69	$500
EPS	($2.36)	($1.83)	($0.95)
(FYE September)			

Stock Data	
52-Week Range	$0.83-$3.66
Shares Outstanding (mil.)	23.4
Market Capitalization ($mill)	$20.8
Enterprise Value ($mill)	$18.9
Debt to Capital (3/18)	N/A
Book Value/Share (3/18)	($0.13)
Price/Book	N/A
Average Trading Volume (3-Month)	614,000
Insider Ownership	5.2%
Institutional Ownership	6.9%
Short interest	1,110,000
Dividend / Yield	$0.00/0.0%

Price target and ratings changes over the past 3 yrs:
Initiated - March 2, 2015 - Buy - Price Target $75 ($3 Pre-split)
Updated – Rating Suspended – August 31, 2016 (Different Analyst)
Updated – October 12, 2017 – Rating re-established at Neutral

Investment Highlights

1) Cel-Sci is poised for the final data read-out on the pivotal Phase 3 trial with its immunotherapy Multikine (Leukocyte Interleukin, Injection) in head and neck cancer as soon as early next year. Enrollment of the 928 newly-diagnosed cancer patients in the multi-national, event-driven trial was completed last September 2016, nearly two years ago. The trial's endpoint is a 10% increase in overall survival in the Multikine regimen treated group versus Standard of Care (SOC), or surgery, followed by radiation therapy alone or radio-chemotherapy, which can only be determined when a total of 298 deaths have occurred. The Company is continuing to monitor the enrolled patients for protocol-specific outcomes, and based on their assessment of when patients were enrolled in the trial and the expected time to death from diagnosis for the patient population treated with SOC reported in the scientific literature, a data readout may potentially occur in early 2019, or about 30 months after the final patients were enrolled. Cel-Sci currently has two development partners for the drug worldwide, Teva in Israel and Orient Europharma in Taiwan, and more agreements could be forthcoming for Multikine, particularly next year as data of the Phase 3 trial become more available.

2) The Company also continues its work on its LEAPS technology platform, including the recent allowance in June of two new US patents related to inducing immune response. Cel-Sci is currently developing its CEL-4000 product candidate employing LEAPS technology as a therapeutic vaccine for rheumatoid arthritis under a new $1.5 million grant from the US National Institutes of Health; after completion of preclinical and Investigational New Drug (IND)-enabling studies the Company intends to file an IND application with the US FDA for CEL-4000.

3) Cel-Sci has also made progress in other corporate areas this year, including recent communications with the NYSE American stock exchange in order to submit a plan of compliance, expected later this month. The notice from the exchange related to some extent to a stockholders' equity deficit as of the most recent 10-Q filing for March 31;

in this regard two recent financings completed since the end of the March quarter, a $5 million registered direct offering and $2.1 million in warrant exercises, should be of benefit to Cel-Sci's plan for regaining compliance. The Company also concluded its long-standing breach-of-contract arbitration with its former CRO in the Multikine trial, with a ruling in the Company's favor and a $2.9 million cash settlement award, although after legal fees, expenses and financing requirements it is uncertain what the ultimate financial benefit will be to Cel-Sci. Still, with $3 million in cash on hand at the end of March and the proceeds from the financings described above, the Company should have adequate resources to stretch into calendar 2019 and perhaps until final data read-out for the Phase 3 Multikine trial can be achieved.

Conclusion/Stock Valuation

Cel-Sci has won its arbitration battle with a former CRO, bolstered its balance sheet with two recent financial transactions, added to the value of its LEAPS pre-clinical program with several recent patent awards, and may soon be able to report data read-out on its Phase 3 Multikine trial in head and neck cancer, perhaps even as soon as early next year. However, we are maintaining our Neutral rating on CVM shares at this time until a more definite timeline on major catalysts, particularly the conclusion of the Multikine trial, can be pinpointed.

Risk Factors

In addition to normal economic and market risk factors that impact most equities and the common risks shared by Cel-Sci with other companies in the industry, we believe an investment in CVM involves the following risks:

- **FDA and regulatory risks** – Cel-Sci is subject to regulatory review for its ongoing research and development activities, principally the US Food and Drug Administration's IND application process but also other international regulatory agencies. In addition, the Company's pharmaceutical facilities and laboratories are subject to ongoing oversight and regulation, and any negative correspondence from the FDA could have an adverse effect on the ongoing operations of the Company.
- **Lack of historic profitability** – Cel-Sci has not achieved operating profitability on an annual basis for several years, and according to our forecasts is not expected to do so in the near future. Although the Company maintains adequate cash reserves at the present time, the Company will need to raise additional working capital in the future as these operating losses continue.
- **Stock market risk** — CVM shares are currently trading at prices below $1 per share, and thus shares could experience reduced share trading volumes in the future as well as the possibility of a reverse stock split for compliance purposes, thus making it difficult to buy or sell shares of CVM.
- **Need to defend patents and other intellectual property** – Cel-Sci currently holds a number of US patents on its therapeutics and technologies. The Company may be required to defend its patents in the US and overseas in the future, and there can be no assurance these defenses will be successful.
- **Competitive Markets** – The Company may compete with a number of other pharmaceutical companies in its targeted oncology markets, some of which represent much larger companies. There can be no assurance that the Company will be able to successfully launch its products into these competitive markets in the future.

CEL-SCI Corporation
Consolidated Statements of Income
(in $000s, except EPS)

Robert M. Wasserman

Fiscal Year Ending September	2010	2011	2012	2013	2014	2015	2016	2017	2018E
Revenues									
Grant income and other	$153.3	$956.2	$254.6	$159.6	$264.0	$657.4	$285.1	$69.0	$500.0
Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Milestone payments and license fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenues	153.3	956.2	254.6	159.6	264.0	657.4	285.1	69.0	500.0
Expenses									
Research and development	11,911.6	11,745.6	10,368.7	12,681.0	17,000.1	20,949.2	19,351.8	15,607.0	10,500.0
Depreciation and amortization	516.1	531.3	533.5	364.1	231.8	206.8	150.2	630.0	600.0
General and administrative	6,285.8	6,664.9	6,595.3	6,982.7	10,606.2	13,798.0	6,336.3	5,170.3	8,000.0
Total operating expenses	18,713.6	18,941.8	17,497.5	20,027.9	27,838.1	34,953.9	25,838.3	21,407.3	19,100.0
Loss from operations	(18,560.3)	(17,985.7)	(17,242.8)	(19,868.3)	(27,574.1)	(34,296.5)	(25,553.2)	(21,338.3)	(18,600.0)
Interest expense, net	199.9	(158.8)	(146.2)	(53.3)	(40.9)	(19.4)	73.0	(4,032.2)	(4,000.0)
Other expense, net	28,843.8	(7,567.9)	1,911.7	10,750.7	248.8	(358.7)	0.0	0.0	0.0
Net income (loss)	10,483.4	(25,712.3)	(15,477.3)	(9,170.9)	(27,366.3)	(34,674.6)	(25,480.2)	(25,370.5)	(22,600.0)
Warrant-related expenses	(1,532.5)	(1,068.4)	(2,168.6)	(59.5)	(1,117.4)	0.0	14,013.7	10,943.4	400.0
Net income available to common shareholders	8,951.0	(26,780.7)	(17,645.9)	(9,230.5)	(28,483.7)	(34,674.6)	(11,466.5)	(14,427.1)	(22,200.0)
Basic income (loss) per share	$11.07	($32.11)	($17.52)	($7.62)	($12.11)	($10.51)	($2.36)	($1.83)	($0.95)
Basic and diluted income (loss) per share	($0.55)	($37.43)	($19.41)	($16.50)	($12.22)	($10.40)	($2.36)	($1.83)	($0.95)
Basic and diluted shares outstanding	808.4	834.0	1,007.3	1,211.2	2,352.2	3,300.8	4,866.2	7,902.6	23,400.0
Key ratios:									
Non-cash items	($26,795.2)	$9,167.5	$790.4	($10,327.0)	$5,100.4	$6,100.0	$8,100.0	$4,100.0	$4,300.0
Cash Flow/share	($22.07)	($21.12)	($16.73)	($16.15)	($11.64)	($4.37)	($2.27)	($2.04)	($0.44)

Balance Sheets
($000s)

Assets:	9/30/17	3/31/18
Cash and equivalents	$2,369.4	$3,062.2
Receivables	218.5	136.8
Prepaid expenses	826.4	879.6
Deposits - current portion	150.0	
Inventory	672.5	630.3
Total current	4,236.9	4,708.9
Property & equip., net	16,793.2	16,503.7
Patent costs, net	223.2	206.8
Deposits	1,670.9	1,670.9
TOTAL ASSETS	22,924.2	23,090.4
Liabilities:		
Accounts payable	8,196.3	7,687.2
Accrued expenses & due to employees	1,630.5	1,957.5
Notes payable	994.3	1,176.7
Deferred rent & other current	23.4	35.5
Total current	10,844.6	10,856.9
Other non-current liabilities	15,416.6	15,291.8
Stockholders' equity	(3,337.0)	(3,058.3)
TOTAL LIAB & EQ	22,924.2	23,090.4

Source: Dawson James Securities, Inc. estimates; Company documents

Important Disclosures:

Price Chart:

Price target and ratings changes over the past 3 years:
Initiated – March 2, 2015 – Buy – Price Target $75 ($3 pre-split)
Updated – Rating Suspended – August 31, 2016 (Different Analyst)
Updated – October 12, 2017 – Rating re-established at Neutral

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1) **Buy**: the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
2) **Neutral**: the analyst believes the price of the stock is fairly valued for the next 12-18 months;
3) **Sell**: the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

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	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	88%	7	30%
Market Perform (Neutral)	3	12%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	26	100%	7	27%

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