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DelMar (NASDAQ/DMPI)

July 11, 2019

BUY: VAL-083; the first-in-class small molecule chemotherapeutic for Glioblastoma Multiforme (GBM), Establishing Proof of Concept - POC

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DelMar (DMPI) may have a viable new therapy for the treatment of Glioblastoma Multiforme (GBM) and other potential cancers such as ovarian cancer and pediatric CNS tumors. New leadership is working to re-capitalize the company as we advance towards the next series of inflection points.

Current Price	**$1.51**
Price Target	**$4.00**

Estimates	F2018A	F2019E	F2020E
Expenses ($000s)	$ 11,175	$ 6,871	$ 5,781
1Q March	$ 2,679	$ 2,006	$ 1,387
2Q June	$ 3,154	$ 1,822	$ 1,445
3Q September	$ 2,935	$ 1,671	$ 1,445
4Q December	$ 2,407	$ 1,372	$ 1,503
	F2018A	F2019E	F2020E
EPS (diluted)	$ (0.07)	$ (0.11)	$ (0.09)
1Q March	$ (0.09)	$ (0.04)	$ (0.02)
2Q June	$ 0.08	$ (0.02)	$ (0.02)
3Q September	$ (0.04)	$ (0.02)	$ (0.02)
4Q December	$ (0.03)	$ (0.02)	$ (0.02)

EBITDA/Share	($0.53)
EV/EBITDA (x)	0.0
Stock Data	
52-Week Range	$1.18 - $8.50
Shares Outstanding (mil.)	3.8
Market Capitalization (mil.)	$6
Enterprise Value (mil.)	$4
Debt to Capital	0%
Book Value/Share	$0.11
Price/Book	14
Average Three Months Trading Volume (K)	51
Insider Ownership	4.7%
Institutional Ownership	13.7%
Short interest (mil.)	3.3%
Dividend / Yield	$0.00/0.0%

Initiation - June 6, 2017 – Buy – Price target 20% (12-18 months)
Update – August 8, 2017 – Buy – Price target $4.00
Transfer – July 11, 2019 - Buy - $3.00

Investment Highlights

We are transferring coverage of DelMar and introducing a new price target of $3.0. The focus at DelMar remains on the development of the alkylating agent VAL-083 to treat Glioblastoma Multiforme (GBM). First developed in the 1970s, VAL-083 has been used in over 40 clinical trials and has been administered to over 1,000 patients. Data from the national cancer institute shows that VAL-083 holds a good safety profile proven efficacy in brain tumors, lung cancer, melanomas and sarcomas.

What is VAL-083? VAL-083 is a bifunctional alkylating agent that causes DNA methylation of guanine at the N7 position. VAL-083 subsequently is not repaired by MGMT and has a potential anti-neoplastic activity. When administered, VAL-083 (which crosses the blood-brain barrier and shows a long half-life) acts to alkylates and crosslinks DNA, leading to a reduction in cancer cell growth. Previously published pre-clinical and clinical trials have demonstrated that the drug can be effective in treating various types of solid tumors, ranging from glioblastoma multiforme (GBM), ovarian cancer, pediatric CNS tumors and lung cancer.

VAL-083 for Glioblastoma Multiforme (GBM) Glioblastoma Multiforme (GBM) is the most prevalent and lethal form of adult brain tumor with an annual incidence rate of 29,000 newly diagnosed cases between the US and EU. At a growth rate of about 1.5% per day, GBM is a localized, yet extremely fast-acting cancer in the brain that spreads through the capillaries, often making it an inoperable tumor. Temozolomide (the current standard of care) inflicts DNA damage on cancer cells, repaired by the DNA enzyme O6-DNA MGMT. High expression of MGMT is highly correlated with resistance to temozolomide resulting in poor patient outcomes. VAL-083 has been demonstrated through its clinical trials to overcome this MGMT-related resistance and has more potent activity than temozolomide against human brain tumor cells. This suggests that VAL-083 has the potential to significantly benefit patients and create a higher, new standard of care for patients facing MGMT-unmethylated GBM.

Valuation. Our current assumption is that the VAL-083 data drives a recurrent GBM U.S. approval in 2024 and first-line GBM U.S. Using these metrics, we model the market and discount back using a 30% rate in our FCF, discounted EPS, and sum-of-the-parts models to arrive at an $3.00 price target. These metrics are dependent on our clinical assumptions.

Risks. Clinical, Regulatory, Financial, Management, Competitive Landscape.

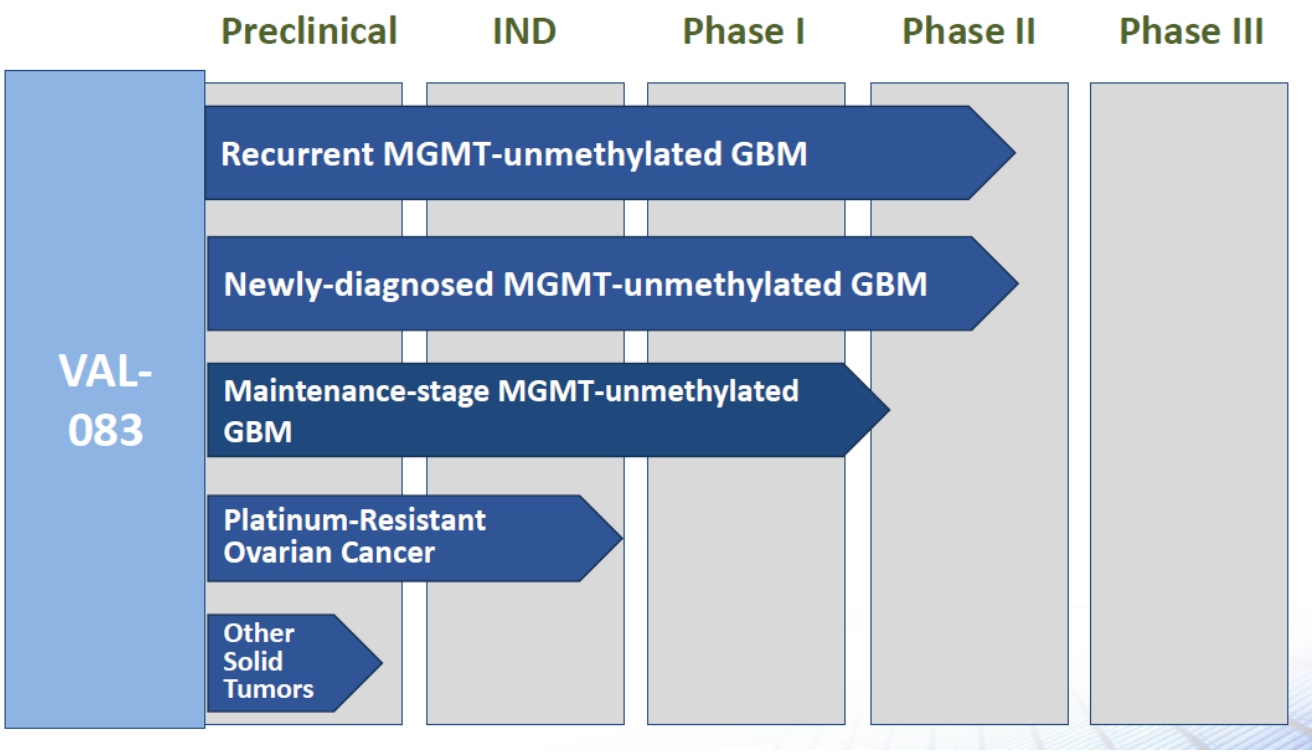
Bull Case: We believe that DelMar Pharmaceuticals has developed a novel cancer therapy that can effectively treat patients affected by glioblastoma with unmethylated MGMT. The current treatment using the alkylating agent temozolomide is unable to effectively treat these tumors which are inherently resistant, and VAL-083 offers a therapeutic strategy independent of MGMT promoter status. VAL-083 has proven itself to be a safe and valuable treatment option for its patients. Within the MGMT-unmethylated GBM market, DelMar is the only late-stage company to focus on this patient population addressing the needs of newly-diagnosed, maintenance stage, and recurrent cases of MGMT-unmethylated GBM. VAL-083 is currently in two Phase 2 open-label clinical studies, working with the MD Anderson Cancer Center (as of May 5, 2019) enrolling patients for a recurrent GBM study and a maintenance-stage GBM study as well as with Sun Yat-sen University Cancer Center (as of May 17, 2019) for a study on patients with newly-diagnosed GBM. This strategy is allowing DelMar to manage operating costs (by working with "single centers" in the U.S. and China) while establishing "proof of concept" data. With over 40 phase 1 and phase 2 clinical trials, preclinical studies in multiple indications (VAL-083's use to treat ovarian cancer as well as other solid tumors), and over a thousand patient safety database, DelMar has shown that VAL-083 has the potential to be impactful in MGMT-unmethylated GBM patients. Based on the outcome of these two trials, VAL-83's designated orphan and fast track status, we believe the company can raise the needed capital to run a pivotal program (by mid. 2020). We are hopeful that one pivotal trial, given the market size and unmet medical need, could be all that is required for U.S. and China approval.

Bear Case: DelMar Pharmaceuticals may have a valuable therapy in VAL-083. However the company has limited financial resources to develop the drug. The current Phase 2 studies (U.S. and China) are single centers and relatively small patient numbers. Positive data may help support valuation, but larger studies will be needed to establish definitive proof of concept.

Our Take: Val-083 is a good asset and is supported by plenty of patient-based data. This, for us, is a viable compound in a niche indication where it can have a meaningful impact on the standard of care for these patients. The critical issue is dollars. DelMar will need to raise substantial capital to advance VAL-083. The valuation of the company today is at a severely distressed level with a market capitalization below $10M. As such, we see little downside to the stock but recognize the challenges ahead for the company to raise capital.

Finances: DelMar recently raised cash, $3.6M, which should be enough capital to support operations through the end of this year.

Exhibit 1. VAL-083 Represents a Pipeline Product

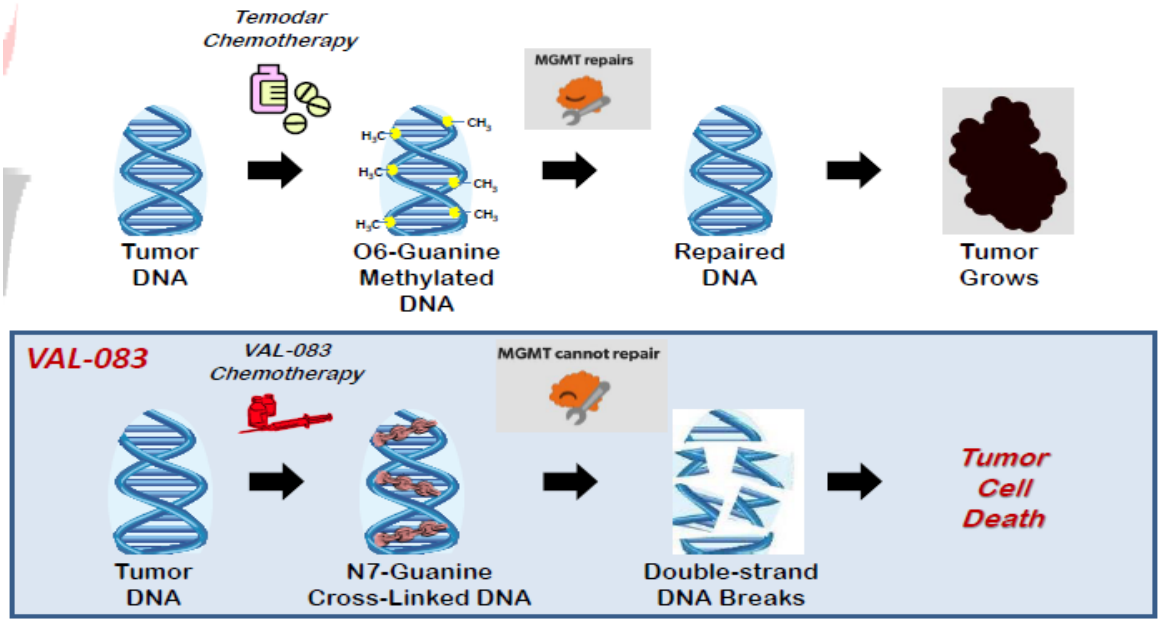


Source: DelMar

Why is VAL-083 Unique? VAL-083's MOA avoids drug resistance in GBM, unlike Temodar. Both are alkylating agents, but they act very differently. Temodar (temozolomide) adds a methyl group (alkylates) at the O6 and N7 positions of the guanines in DNA, which eventually causes mismatches during DNA replication, followed by DNA double-stranded breaks and GBM cell death. However, the GBM cells respond by turning on multiple DNA repair pathways, including MGMT, to demethylate the DNA. Thus, patients on Temodar develop resistance, which is followed by disease progression and death. So, how is VAL-083 different? VAL-083 does not methylate. It adds another alkylating group, dianhydrogalactitol, to the N7 position that crosslinks to the N7 position on guanines on the opposite DNA strand. The crosslinked DNA will break into pieces, killing the GBM cells. There is no repair mechanism for this type of alkylation. Combined, we can see several benefits to using VAL-083.

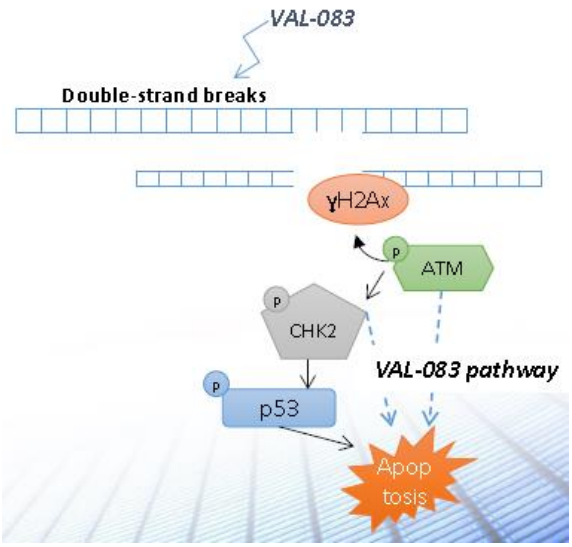
1. DNA crosslinking and double-strand breaking is more effective at damaging DNA and killing cells.
2. The use of dianhydrogalactitol over methyl groups makes treatment with VAL-083 independent of MGMT status.
3. Lack of a repair mechanism could preclude development of resistance.
4. VAL-083 is selective for tumors over normal tissue and is non-toxic.
5. VAL-083 has a proven record of safety in multiple National Cancer Institute (NCI)-sponsored trials in multiple tumor types.

Exhibit 2. VAL-083 uses a different mechanism of action. Temodar (temozolomide) undergoes spontaneous decomposition to a reactive intermediate (5-(3-methyl-1-triazeno) imidazole-4-carboxamide, which will methylate the O^6 and N^7 positions of guanine residues in DNA. This process is not a crosslinking event, and thus, the DNA will not break easily. The result is the activation of DNA repair pathways, including the enzyme MGMT, which will remove the methyl groups and some normal DNA, filling in the gaps left behind. The result is a continuous cycle of Temodar methylation and repair. Patients who are initially MGMT-negative and treated with Temodar have successful tumor reduction but inevitably develop resistance, which leads to disease progression and death.



Source: Delmar presentation

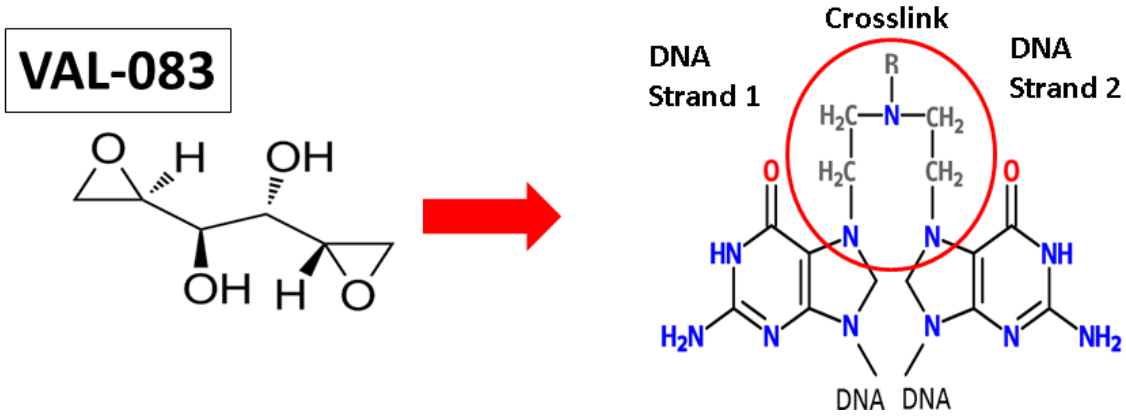
Exhibit 3. VAL-083 uses a different mechanism of action. Independence from Pp53



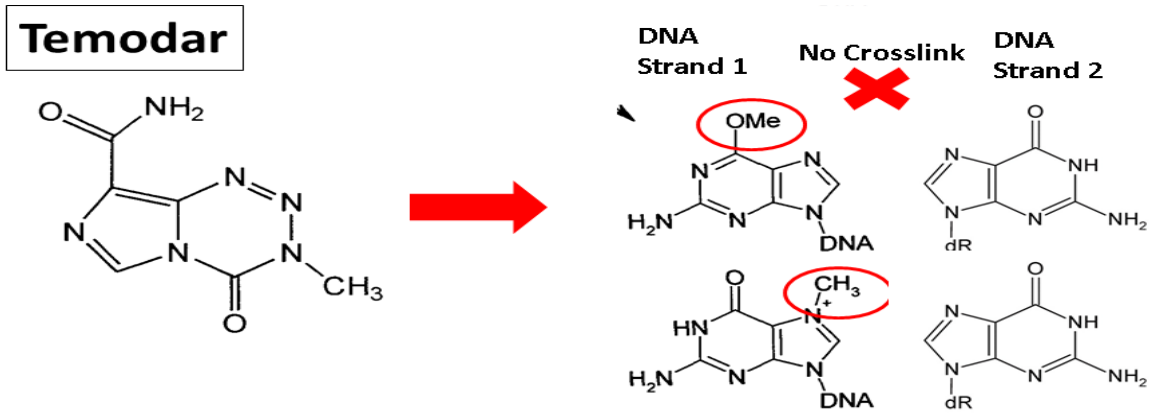
Source: Delmar presentation

Exhibit 4. VAL-083 Alkylates but Not by Methylation; Structure/Function. VAL-083 (dianhydrogalactitol; $C_6H_{10}0_4$, MW=146.1 g/mol) is a bifunctional alkylating agent that does not methylate (CH_3) N^7 position on guanine like Temodar but instead binds to the N^7 of a guanine on one strand of DNA and crosslinks to an N^7 on the opposite strand. The result is crosslinked DNA that cannot be repaired by MGMT or other DNA repair pathways and thus precludes the development of resistance (i.e., SOC Temodar resistance). The crosslinked DNA becomes rigid and fragments (double-strand break). Double strand breaks are lethal to cells, and thus VAL-083 kills GBM cells and dose faster, harder and without resistance. **(A)** VAL-083 (dianhydrogalactitol) alkylates the N^7 position that crosslinks the opposing DNA strand's N^7 guanine resulting in double-strand breaks followed by cell death. **(B)** Temodar methylates DNA at both the 0^6 and N^7 positions of guanine in single strands of DNA. The cell recognizes this and activates MGMT to cut off the methyl groups to restore DNA function. As a result, GBM patients rapidly develop resistance to Temodar.

(A)



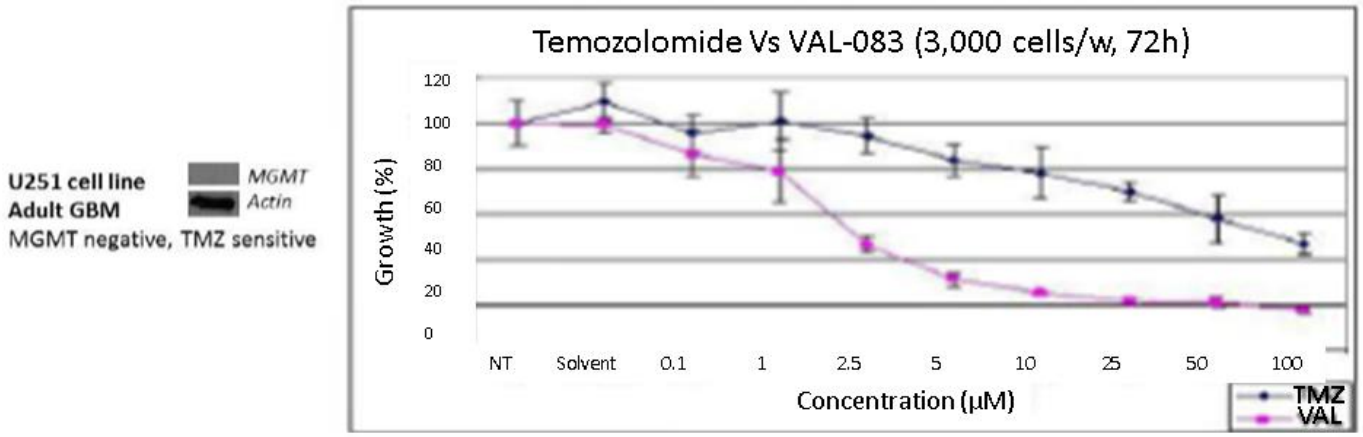
(B)



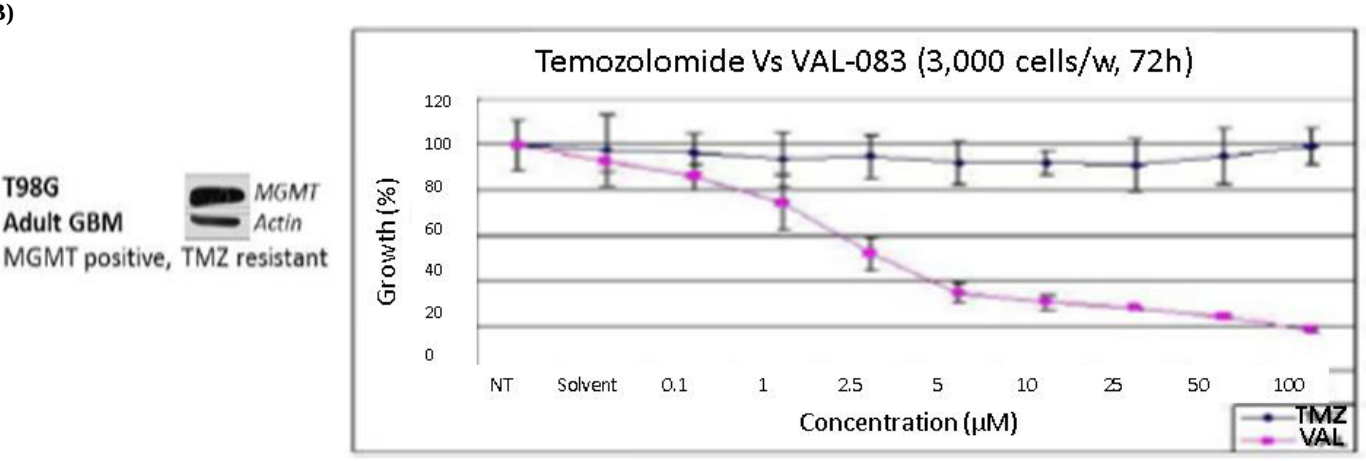
Source: Modified from Delmar presentation, NCI, and Oxford Journals

Exhibit 5. VAL-083 Function is Independent of MGMT Activity. VAL-083 has been shown to be active independent of MGMT activity. MGMT is a demethylating enzyme activated when DNA is methylated inappropriately. MGMT is typically inactive in neural tissue (i.e., brain), though some people do have activity. The standard of care for GBM is surgical resection of the tumor followed by chemotherapy with Temodar to prevent recurrence/progression. However, Temodar's methylation of GBM DNA triggers the activation of MGMT that demethylates. The result is the rapid development of drug resistance and disease progression (ending in death). Since VAL-083 is not adding methyl groups, it is functional by definition independent of MGMT activity; shown below. **(A)** GBM cells that are sensitive to Temodar that are not expressing MGMT are killed by VAL-083. **(B)** In GBM cells that are actively expressing MGMT, Temodar loses all activity while VAL-083 maintains efficacy.

(A)

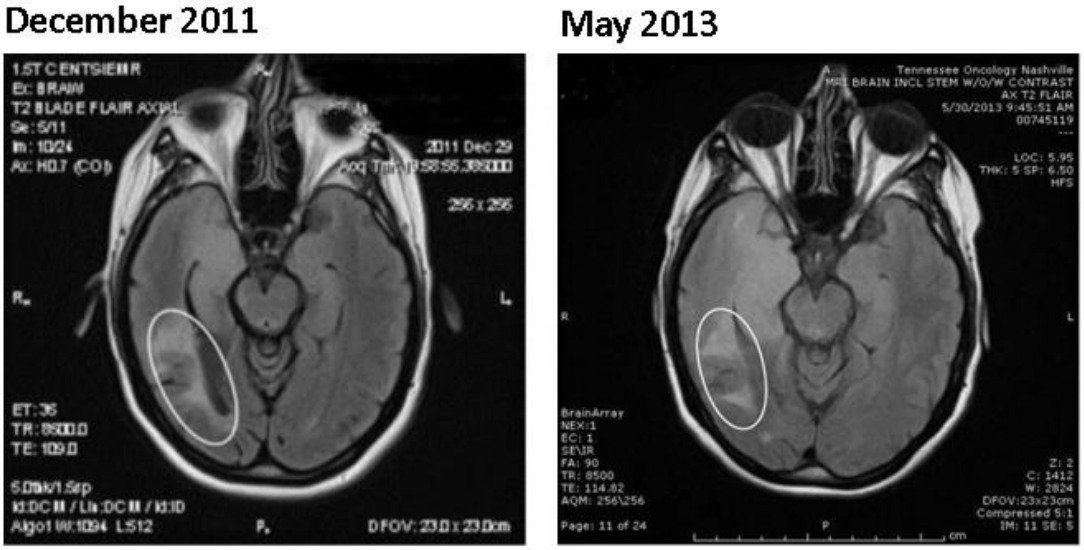


(B)



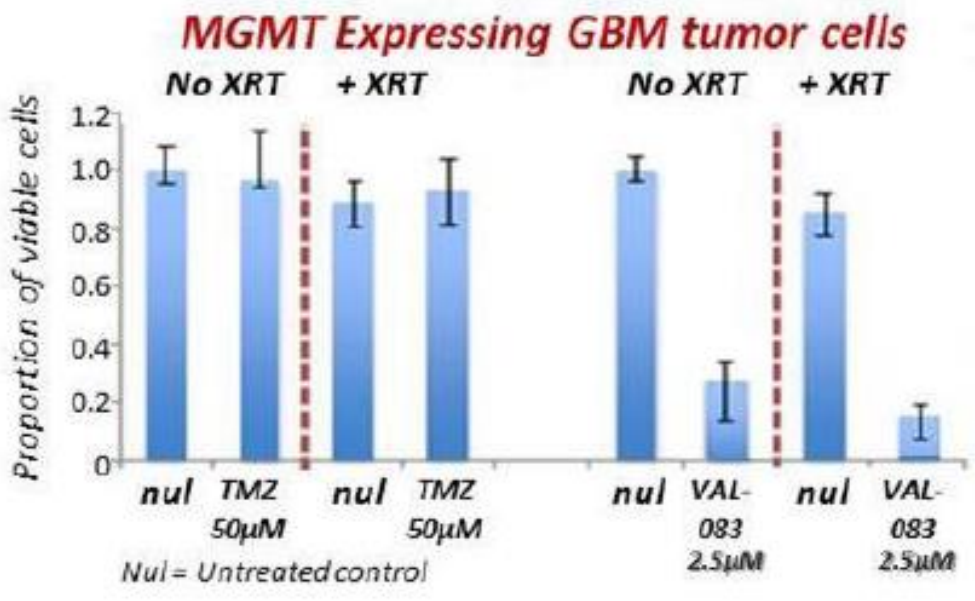
Source: Delmar presentation

Exhibit 6. Patient Tumor Reduction with VAL-083. The patient was enrolled in one of the early VAL-083 trials (back in December 2011). The GBM tumor was imaged by MRI at time of enrollment and 14 months post-treatment. By February 2012, a 50% reduction in tumor volume was observed on MRI. By August 2013, the patient received 28 cycles of VAL-083. The tumor reduction was maintained, and patient regained function of the left arm and experienced increased mobility and improved speech.



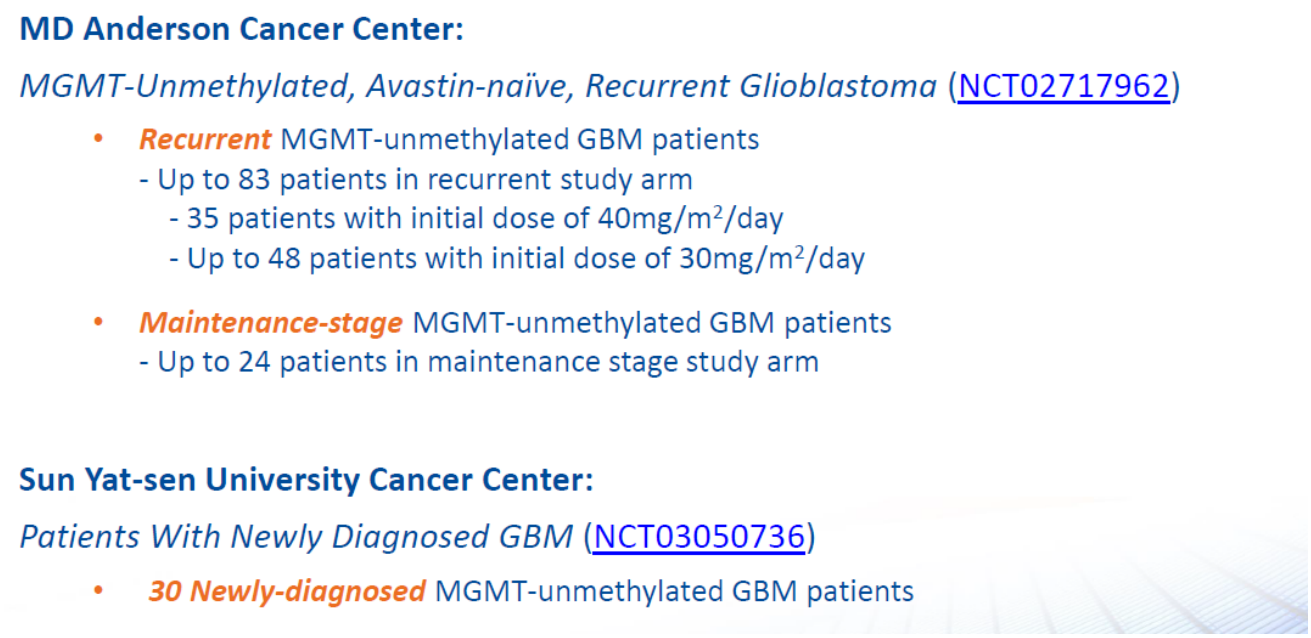
Source: Delmar presentation

Exhibit 7. Two-Thirds of Patients with un-methylated MGMT promoter status and are resistant to front-line therapy. Therefore, something else is needed. VAL-083



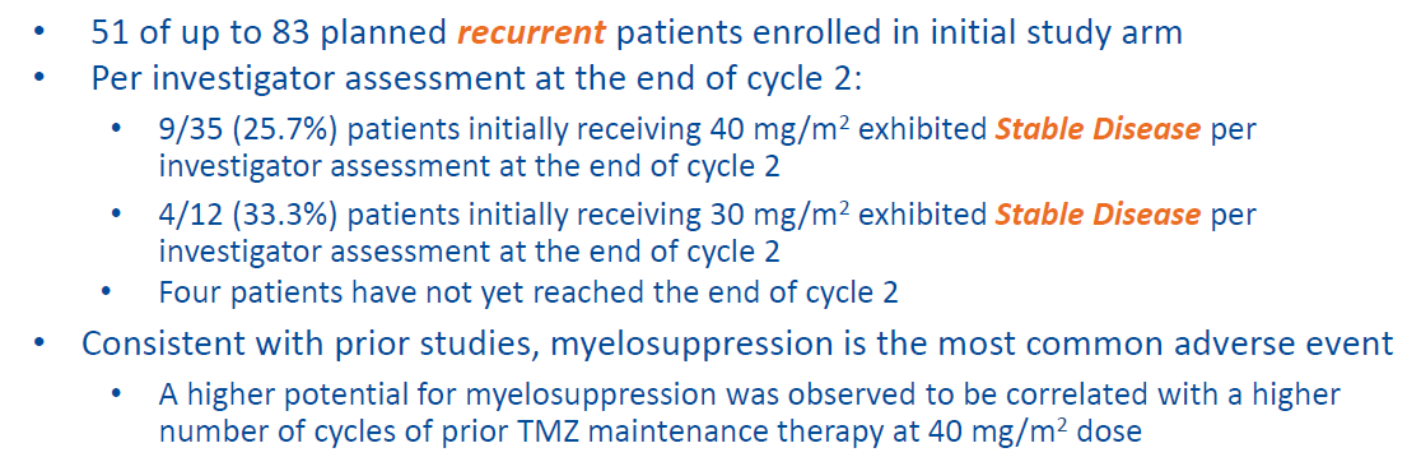
Source: Delmar presentation

Exhibit 8. Two Phase 2 Trials in the U.S. and China are currently underway.



Source: DelMar

Exhibit 9. MD Anderson Phase 2 Trial – Focus on unmethylated patients. As of this past May, 51 of 83 planned recurrent patients have been enrolled.



Source: DelMar

Modeling Assumptions

1. **Incidence and prevalence of GBM:** The average incidence of GBM reported in the literature is approximately 8 in 100,000 people. Based on the U.S. population of 317 million, we assume newly diagnosed GBM incidences of 15,000 per year in the U.S. and a prevalence of 25,000. Currently, there is no satisfactory treatment, and the five-year survival rate for GBM—the most malignant form of brain cancer—is low (less than 16%, generally decreasing with age). The median survival rate for GBM, the most malignant form of brain cancer, is 14.6 months. Neither surgery, radiation, nor anti-cancer drugs (the standard treatment modalities) have shown any prospect of a meaningful extension of patients' lives to date.
2. **Eligible treated patients: Newly diagnosed GBM and recurrent GBM:** For conservatism, we assume that 75% of newly diagnosed patients will be eligible for treatment based on insurance coverage and that 60% of the newly diagnosed GBM patients will experience recurrence. Of the patients experiencing recurrence, we assume that 85% of these patients will also fail second-line Avastin therapy or will be Avastin ineligible. Eligible patients for newly diagnosed GBM would be patients identified as high expressors of MGMT, who would, therefore, be predisposed to Temodar resistance.
3. **Clinical and regulatory outcome assumptions for recurrent GBM:** We assume positive Phase 2 data from the current clinical trials (U.S. and China) which should support a fast-track approval of VAL-083, as well as a launch in the U.S. in 2025. We note that an increase of a few months' survival in recurrent GBM is significant. Also, bevacizumab received approval on two Phase 2 studies after showing an increase in PFS and improved quality of life.
4. **Physician adoption of VAL-083:** Our model assumes a conservative physician adoption rate of VAL-083 for both recurrent GBM and newly diagnosed GBM. According to our current assumptions, VAL-083 achieves a maximum market penetration of 25% in third-line treatment by year three and a maximum of 40% market penetration for newly diagnosed patients in year five, both of which are quite conservative adoption rates and ramps if VAL-083 shows positive survival benefits, in our view. Further, our model uses the average Temodar price for VAL-083 pricing—again, conservative if VAL-083 shows positive survival benefits for recurrent GBM and for high MGMT expressing in the first-line treatment setting. Therefore, our overall peak sales are discounted by 30% of the potential VAL-083 market and could achieve peak sales well in excess of our current model assumptions.

Valuation. Our valuation is driven by our revenue projections for VAL-083 for its main indication in Glioblastoma Multiforme. We do not model any revenues from this program until 2024 and project our model through the year 2030. Our models also factor in funding (dilution) using a fully diluted 2030 share count. We triangulate FCFF, discounted EPS, and sum-of-the-parts models. We then average and equally weight each model to derive an NPV, which is rounded to the nearest whole number to derive our target price. Investors should recognize that this modeling exercise, which models for ten years, while projected based on the current data and estimates, is limited in its ability to predict a 12-month target. The price of the stock will ultimately be driven near term by factors such as news flow, early trial data, and cyclic concerns of financings (dilution).

Exhibit 10. Free Cash Flow Model.

Average	$	4.00

Price Target	$	3
Year		2019

DCF Valuation Using FCF (mln):

units ('000)	2018A	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	20230E
EBIT	(11,138)	(6,825)	(5,781)	(5,839)	(5,897)	14,066	58,404	185,855	382,390	523,446	667,588	821,801	996,331
Tax Rate	0%	0%	0%	0%	5%	10%	20%	22%	24%	28%	29%	30%	31%
EBIT(1-t)	(11,138)	(6,825)	(5,781)	(5,839)	(5,603)	12,659	46,724	144,967	290,617	376,881	473,988	575,261	687,469
CapEx	-	(90)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in NWC													
FCF	(11,138)	(6,915)	(5,901)	(5,959)	(5,723)	12,539	46,604	144,847	290,497	376,761	473,868	575,141	687,349
PV of FCF	(6,591)	(3,148)	(2,066)	(1,605)	(1,186)	1,998	5,713	13,659	21,072	21,023	44,686	41,720	38,353
Discount Rate	30%												
Long Term Growth Rate	1%												
Terminal Cash Flow	2,393,869												
Terminal Value YE2030	133,574.49												
NPV	313,794												
NPV-Debt	-												
Shares out (thousands)	94,612	2030E											
NPV Per Share	$ 3												
Source: Dawson James													

Source: Dawson James

Exhibit 11. Discounted-EPS Model.

Current Year		2019
Year of EPS		2030
Earnings Multiple		10
Discount Factor		30%
Selected Year EPS	$	7.26
NPV	$	4

Source: Dawson James

	Discount Rate and Earnings Multiple Varies, Year is Constant 2030 EPS					
	5%	10%	15%	20%	25%	30%
Earnings Multiple						
1	$4.25	$2.55	$1.56	$0.98	$0.62	$ 0.41
5	$21.24	$12.73	$7.81	$4.89	$3.12	$ 2.03
10	$42.48	$25.46	$15.62	$9.78	$6.24	$ 4.05
15	$63.72	$38.19	$23.42	$14.67	$9.36	$ 6.08
20	$84.95	$50.93	$31.23	$19.56	$12.48	$ 8.11
25	$106.19	$63.66	$39.04	$24.44	$15.60	$ 10.13
30	$127.43	$76.39	$46.85	$29.33	$18.72	$ 12.16
35	$148.67	$89.12	$54.65	$34.22	$21.84	$ 14.19

Source: Dawson James

Exhibit 12. Sum-of-the-Parts Model.

Company: DMPI	LT Gr	Discount Rate	Yrs. to Mkt	% Success	Peak Sales MM's	Term Val
VAL-083 USA	1%	30%	7	70%	$878	$3,026
NPV						$1.78
VAL-083 China	1%	30%	5	70%	$713	$2,458
NPV						$2.45
Net Margin						50%
MM Shrs OS (2030E)						95
Total						$4

Source: Dawson James

Risk Analysis

Clinical and regulatory risk. DelMar Pharmaceuticals is currently in Phase 2 clinical trials in both applications of its pipeline product focused on MGMT-unmethylated GBM. There is no assurance that their product will be approved for any additional indications and even if approved, will be reimbursed by insurance or successfully commercialized.

Commercial risk. The focus of the company is on successfully developing their products and eventually bring them to the mass market. It is important to note that the market opportunity in MGMT-unmethylated GMB is large and if successful VAL-083 may be introduced to the market for multiple cancer applications. We can make no assurances that the company will be able to achieve a critical level of market share to become profitable in this indication and or in additional planned indications.

Employee risk. DelMar Pharmaceuticals has an experienced management team in their president and CEO, CSO, and CFO. DelMar Pharmaceuticals plans to bring their proposed products to reality. DelMar Pharmaceuticals' success will depend, to a great extent, upon the experience, abilities and continued services of its senior officers, sales staff, and key scientific personnel.

Financial risk. The company may need to raise capital in the marketplace relatively soon, and there can be no assurances that the company will be able to successfully raise capital and do so on favorable terms.

Intellectual property risk. The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and the company may infringe on third party's patents.

Reimbursement and insurance payment risk. Insurance payment for products may be an additional hurdle for adoption.

Exhibit 13. Income Statement

Delmar Pharmaceuticals Inc, (DMPI): Income Statement ('000)	6. 2018 YE	1Q19A	2Q19A	3Q19A	4Q19E	6. 2019 YE	6. 2020 YE	6. 2021 YE	6. 2022 YE	6. 2023 YE	6. 2024 YE	6. 2025 YE	6. 2026 YE	6. 2027 YE	6. 2028 YE	6. 2029 YE	6. 2030 YE
FYE-Jun 30	6.2018	3Q18A	4Q18A	1Q19A	2Q19E	6.2019	6.2020E	6.2021	6.2022	6.2023	6.2024	6.2025	6.2026	6.2027	6.2028	6.2029	6.2030
Revenue ($000)																	
VAL-083 U.S.										0	0	27,397	101,459	204,947	329,313	456,146	614,277
VAL-083 China										22,244	70,657	184,931	329,298	382,597	418,449	463,024	498,876
License Fees and Royalties (China sales)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Product Sales	-	-	-	-	-	-	-	-	-	22,244	70,657	212,327	430,758	587,544	747,762	919,170	1,113,153
Total Revenue	-	-	-	-	-	-	-	-	-	22,244	70,657	212,327	430,758	587,544	747,762	919,170	1,113,153
Expenses																	
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	2,224	7,066	21,233	43,076	58,754	74,776	91,917	111,315
COGS % of revenue								10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Sales, General and administrative expenses	4,042	986	875	936	572	2,200	2,244	2,266	2,289	2,312	2,335	2,358	2,382	2,406	2,430	2,454	2,479
SG&A % of revenue																	
Research and Development	7,133	1,019	947	736	800	3,502	3,537	3,573	3,608	3,644	3,681	3,718	3,755	3,792	3,830	3,869	3,907
R&D % of revenue																	
Non-GAAP, Adj																	
Total expenses	11,175	2,005.59	1,822.13	1,671	1,372	6,871	5,781	5,839	5,897	8,181	12,256	26,475	48,371	64,102	80,178	97,372	116,825
Oper. Inc. (Loss)	(11,175)	(2,006)	(1,822)	(1,671)	(1,372)	(6,871)	(5,781)	(5,839)	(5,897)	14,063	58,401	185,852	382,387	523,442	667,585	821,798	996,328
Total non-operating income	36	**14**	**12**	**9**		36	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(11,138)	(1,991)	(1,810)	(1,652)	(1,372)	(6,825)	(5,781)	(5,839)	(5,897)	14,066	58,404	185,855	382,390	523,446	667,588	821,801	996,331
Income Tax Benefit (Provision)		-	-	-	-	-	-	-	(295)	1,407	11,681	40,888	91,774	146,565	193,601	246,540	308,863
Tax Rate									5%	10%	20%	22%	24%	28%	29%	30%	31%
GAAP Net Income (loss)	(11,281)	(1,991)	(1,810)	(1,652)	(1,372)	(6,825)	(5,781)	(5,839)	(5,603)	12,659	46,724	144,967	290,617	376,881	473,988	575,261	687,469
Preferred stock dividend	176.24	36.09	16.19														
Net and comprehensive loss available to common stockholders	(11,315)	(2,027)	(1,826)	(1,652)	(1,372)	(6,825)	(5,781)	(5,839)	(5,603)	12,659	46,724	144,967	290,617	376,881	473,988	575,261	687,469
GAAP-EPS	(0.55)	(0.09)	(0.07)	(0.05)	(0.04)	(0.25)	(0.14)	(0.13)	(0.13)	0.28	1.04	3.20	6.39	8.26	10.34	12.50	14.88
Non GAAP EPS (dil)	(0.55)	(0.09)	0.08	(0.04)	(0.03)	(0.07)	(0.11)	(0.09)	(0.08)	0.18	0.63	1.87	3.60	4.49	5.42	6.33	7.26
Wgtd Avg Shrs (Bas) - '000s	20,861	22,969	24,242	34,266	34,301	28,944.63	41,894	44,569	44,748	44,927	45,107	45,288	45,469	45,651	45,834	46,018	46,202
Wgtd Avg Shrs (Dil) - '000s	20,861	22,969	24,242	44,266	44,311	33,947	56,909.08	66,127	68,812	71,606	74,513	77,539	80,687	83,964	87,373	90,920	94,612

Source: Dawson James estimates.

Companies mentioned in this report:

Important Disclosures:

Price Chart:

Price target and ratings changes over the past three years:
Initiation - June 6, 2017 – Buy – Price target 20% (12-18 months)
Update – August 8, 2017 – Buy – Price target $6.60
Transfer – July 11, 2019 - Buy - $3.00

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Ratings Definitions:

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) **Neutra**l: The analyst believes the price of the stock is fairly valued for the next 12-18 months;
3) **Sel**l: The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	40	85%	12	30%
Market Perform (Neutral)	7	15%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	47	100%	12	26%

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