

Dare Bioscience (NASDAQ/DARE)

BUY Dare Goes for Blue Tooth Drug Delivery, Set to Acquire Microchips Biotech and Picks up \$5.7M

November 11, 2019

The combination of Dare and Microchip Biotech is, in our opinion, both strategic and empowering. The potential of blue tooth technology control for drug delivery, access to the Gates Foundation and just under \$6M in cash. All good.

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Investment Highlights

Dare invests in Blue Tooth Drug Delivery and Picks up \$5.7M in cash in the process.

- 1. What can it do?** The technology is designed to store and precisely deliver hundreds of therapeutic doses over months or years in a single implant. The implant is intended to be operated by the patient to deliver medication on demand or on a pre-determined schedule that can be activated or deactivated wirelessly, as required.
- 2. Access to the Gates Foundation.** The microchip-based implant, (originally developed at MIT) has been developed with the support of the Gates Foundation in the form of approximately \$17.9 million in grant funding to date. A \$1.3M in contingent considerations may be payable through 2021.
- 3. Consistent with Dare's Mission:** The chip potentially provides women with unparalleled control over the management of their fertility, which can be individually timed to meet her family planning goals and objectives.
- 4. A Financing: Dare should pick up \$5.7M (net) in the transaction (for 3M shares). On success with the technology** Dare may pay up to \$46.5 million in contingent consideration for product development, regulatory and funding milestones and up to \$55.0 million in contingent consideration for commercial development milestone payments, the amount of which will depend on the extent to which various milestones are achieved, as well as tiered royalty payments.

Quarterly Conference Call – Thursday 4:30 1-844-831-3031 Conf. Call ID 3154847

Valuation: We factor in the shares and remove one of our assumed raises, the next effect is no change in our valuation. We assume that DARE-BV1 will be commercialized in 2021 and that Ovaprene will be commercialized in the U.S. in 2023 and in the EU in 2025. For Sildenafil cream, we expect commercialization in the U.S. in 2024 and in the EU in 2026. We assume a 30% discount rate in our Free Cash Flow to the Firm (FCFF), Discounted EPS (dEPS), and Sum-of-the-Parts (SOP) models due to the reasonable risk associated with each product. This results in models which are equally weighted and rounded to the nearest whole number with a \$4.0 price target. We acknowledge that our risk rate (30%) combined with our probability of success factors in our model combine to restrain the target valuation. On clinical and commercial progress, we would need to re-evaluate these assumptions, suggesting more upside exists with positive progress.

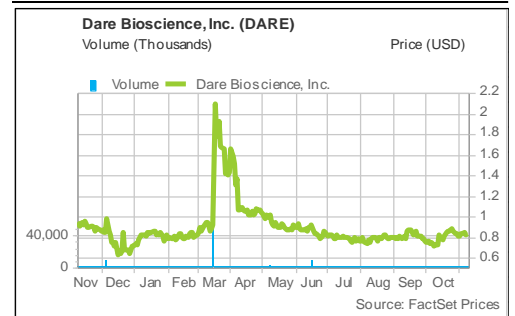
Current Price **\$0.83**
 Price Target **\$4.00**

Estimates	F2019E	F2020E	F2021E
Expenses (\$000s)	\$ 12,667	\$ 13,894	\$ 15,244
1Q March	\$ 3,083	\$ 3,335	\$ 3,658
2Q June	\$ 3,982	\$ 3,211	\$ 3,521
3Q September	\$ 3,968	\$ 3,603	\$ 3,953
4Q December	\$ 1,633	\$ 3,746	\$ 4,111

	F2019E	F2020E	F2021E
EPS (diluted)	\$ (0.89)	\$ (0.55)	\$ (0.35)
1Q March	\$ (0.27)	\$ (0.13)	\$ (0.08)
2Q June	\$ (0.29)	\$ (0.13)	\$ (0.08)
3Q September	\$ (0.24)	\$ (0.14)	\$ (0.09)
4Q December	\$ (0.08)	\$ (0.15)	\$ (0.09)

EBITDA/Share	(\$0.80)	(\$0.50)	(\$0.40)
EV/EBITDA (x)	0.0	0.0	0.0

Stock Data			
52-Week Range	\$0.60	-	\$3.25
Shares Outstanding (mil.)	16.7		
Market Capitalization (mil.)	\$14		
Enterprise Value (mil.)	\$8		
Debt to Capital	0%		
Book Value/Share	\$2.20		
Price/Book	1.2		
Average Three Months Trading Volume (K)	2,592		
Insider Ownership	18.5%		
Institutional Ownership	7.2%		
Short interest (mil.)	3.5%		
Dividend / Yield	\$0.00/0.0%		



Modeling Assumptions

1. We present therapeutic models for the company's three products, DARE-BV1, Ovaprene, and Sildenafil. For each of these products, we apply just a 50% probability of success. One could argue that this is conservative as each product has either demonstrated a viable mechanism of action or established proof of concept in well-designed Phase 2 trials.
 - a. DARE-BV1. We assume DARE-BV1 has a 50% probability of success, with commercialization in the U.S. in 2021 with a price of \$200. We assume modest price increases of just 1% annually.
 - b. Ovaprene. We assume Ovaprene has a 50% probability of success, with commercialization in the U.S. in 2023 and in the EU in 2025. We note that an EU trial may not be required to file, depending on U.S. results; however, for conservatism, we assume an EU trial. We assume Ovaprene will have a price comparable to NuvaRing, beginning at \$1650 per year and a y/y price increase of 1%.
 - c. Sildenafil. We assume Sildenafil has a 50% probability of success, with commercialization in the U.S. in 2024 and in the EU in 2025. We assume Sildenafil will have a price comparable to Viagra for men, beginning at \$1950 per year and a y/y price increase of 1%.
2. We assume a royalty product model for all three products. We model a 25% royalty to Dare based on top-line revenues. As part of our calculus, we assume research and development expenses are offset by a partnership that will reduce the financial burden. We do not assume zero R&D, as we expect the company to remain active in both new product development and in the participation of existing products. These assumptions also impact of SG&A line, where we estimate just 10% annual growth in expenses. Our COGS assumptions are set to 17% of revenues, and this may prove to be conservative.
3. Our company valuation is based on a fully diluted out year share count, with capital raises and issued shares in 3Q19 and 1Q20. We use a 30% risk rate in our FCFE, dEPS, and SOP models. This risk rate is in addition to our therapeutic models "probability factor."

Exhibit 1. Ovaprene (U.S.)

U.S. - Ovaprene													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Women using contraceptives ('000)	41,650	42,500	43,350	44,217	45,101	46,003	46,923	47,862	48,819	49,796	50,791	51,807	52,843
40% unsatisfied	16,660	17,000	17,340	17,687	18,041	18,401	18,769	19,145	19,528	19,918	20,317	20,723	21,137
50% shorter-acting & reversible	8,330	8,500	8,670	8,843	9,020	9,201	9,385	9,572	9,764	9,959	10,158	10,361	10,569
22% on non-hormonal methods	9,163	9,350	9,537	9,728	9,922	10,121	10,323	10,530	10,740	10,955	11,174	11,398	11,626
Target Patient Population ('000)	20,825	21,250	21,675	22,109	22,551	23,002	23,462	23,931	24,410	24,898	25,396	25,904	26,422
Market share						1%	2%	2%	3%	3%	4%	4%	5%
Patients treated						230,017	351,926	478,619	610,239	746,933	888,850	1,036,145	1,188,977
Cost \$1500/year (NuvaRing) 10% premium						\$ 1,650	\$ 1,667	\$ 1,683	\$ 1,700	\$ 1,717	\$ 1,734	\$ 1,752	\$ 1,769
Price Change							1%	1%	1%	1%	1%	1%	1%
Revenues ('000)						\$ 379,528	\$ 586,484	\$ 805,595	\$ 1,037,405	\$ 1,282,481	\$ 1,541,414	\$ 1,814,817	\$ 2,103,327
Probability of Success						50%	50%	50%	50%	50%	50%	50%	50%
Adjusted Revenues (M)						\$ 189,764	\$ 293,242	\$ 402,797	\$ 518,702	\$ 641,241	\$ 770,707	\$ 907,408	\$ 1,051,664
Assume Royalty Model 25%						\$ 47,441	\$ 73,311	\$ 100,699	\$ 129,676	\$ 160,310	\$ 192,677	\$ 226,852	\$ 262,916

Source: Dawson James

Exhibit 2. Ovaprene (EU)

EU - Ovaprene													
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Women using contraceptives ('000)	45,815	46,750	47,685	48,639	49,611	50,604	51,616	52,648	53,701	54,775	55,871	56,988	58,128
40% unsatisfied	18,326	18,700	19,074	19,455	19,845	20,241	20,646	21,059	21,480	21,910	22,348	22,795	23,251
50% shorter-acting & reversible	9,163	9,350	9,537	9,728	9,922	10,121	10,323	10,530	10,740	10,955	11,174	11,398	11,626
22% on non-hormonal methods	10,079	10,285	10,491	10,701	10,915	11,133	11,355	11,583	11,814	12,051	12,292	12,537	12,788
Target Patient Population ('000)	22,908	23,375	23,843	24,319	24,806	25,302	25,808	26,324	26,851	27,388	27,935	28,494	29,064
Market share						0%	0%	1%	1%	2%	2%	3%	3%
Patients treated						-	-	131,620	268,505	410,813	558,706	712,350	871,916
Cost \$1500/year (NuvaRing) 10% premium						\$ 1,650	\$ 1,667	\$ 1,683	\$ 1,700	\$ 1,717	\$ 1,734	\$ 1,752	\$ 1,769
Price Change							1%	1%	1%	1%	1%	1%	1%
Revenues ('000)						\$ -	\$ -	\$ 221,539	\$ 456,458	\$ 705,365	\$ 968,889	\$ 1,247,687	\$ 1,542,440
Probability of Success								50%	50%	50%	50%	50%	50%
Adjusted Revenues (M)						\$ -	\$ -	\$ 110,769	\$ 228,229	\$ 352,682	\$ 484,444	\$ 623,843	\$ 771,220
Assume Royalty Model 25%						\$ -	\$ -	\$ 27,692	\$ 57,057	\$ 88,171	\$ 121,111	\$ 155,961	\$ 192,805

Source: Dawson James

Exhibit 3. DARE-BV1

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total BV Population ('000)	21,200	21,836	22,491	23,166	23,861	24,577	25,314	26,073	26,856	27,661	28,491	29,346	30,226
19% unsatisfied/Target patient population ('000)	4028	4149	4273	4402	4534	4670	4810	4954	5103	5256	5413	5576	5743
Market share				3%	5%	7%	10%	11%	12%	12%	12%	12%	12%
Patients treated				132,045	226,677	326,869	480,964	544,933	612,306	630,675	649,595	669,083	689,156
Price				\$200	\$202	\$204	\$206	\$208	\$210	\$212	\$214	\$217	\$219
Price Change					1%	1%	1%	1%	1%	1%	1%	1%	1%
Revenues ('000)				\$ 26,409	\$ 45,789	\$ 66,688	\$ 99,108	\$ 113,412	\$ 128,708	\$ 133,895	\$ 139,291	\$ 144,904	\$ 150,744
Probability of Success				50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Adjusted Revenues (M)				\$ 13,205	\$ 22,894	\$ 33,344	\$ 49,554	\$ 56,706	\$ 64,354	\$ 66,947	\$ 69,645	\$ 72,452	\$ 75,372
Assume Royalty Model 25%				\$ 3,301	\$ 5,724	\$ 8,336	\$ 12,388	\$ 14,176	\$ 16,088	\$ 16,737	\$ 17,411	\$ 18,113	\$ 18,843
Revenue to Daré				\$ 3,301	\$ 5,724	\$ 8,336	\$ 12,388	\$ 14,176	\$ 16,088	\$ 16,737	\$ 17,411	\$ 18,113	\$ 18,843

Exhibit 4. Sildenafil Cream (U.S.)

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total FSAD Population ('000)		20,625	21,038	21,458	21,887	22,325	22,772	23,227	23,692	24,165	24,649	25,142	25,645
% seeking treatment 50% ('000)		10,313	10,519	10,729	10,944	11,163	11,386	11,614	11,846	12,083	12,324	12,571	12,822
Market share							5%	8%	11%	13%	14%	14%	14%
Patients treated							569,292	929,084	1,303,040	1,570,756	1,725,415	1,759,923	1,795,122
Price							\$ 1,950	\$ 1,989	\$ 2,029	\$ 2,069	\$ 2,111	\$ 2,153	\$ 2,196
Price Change								1%	1%	1%	1%	1%	1%
Revenues ('000)							\$ 1,110,119	\$ 1,847,948	\$ 2,643,582	\$ 3,250,452	\$ 3,641,907	\$ 3,789,040	\$ 3,942,117
Probability of Success							50%	50%	50%	50%	50%	50%	50%
Adjusted Revenues (M)							\$ 555,059	\$ 923,974	\$ 1,321,791	\$ 1,625,226	\$ 1,820,953	\$ 1,894,520	\$ 1,971,059
Assume Royalty Model 25%							\$ 138,765	\$ 230,994	\$ 330,448	\$ 406,307	\$ 455,238	\$ 473,630	\$ 492,765

Source: Dawson James

Exhibit 5. Sildenafil Cream (EU)

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total FSAD Population ('000)			20,625	21,038	21,458	21,887	22,325	22,772	23,227	23,692	24,165	24,649	25,142
% seeking treatment 50% ('000)			10,313	10,519	10,729	10,944	11,163	11,386	11,614	11,846	12,083	12,324	12,571
Market share							5%	5%	8%	11%	13%	14%	14%
Patients treated								569,292	929,084	1,303,040	1,570,756	1,725,415	1,759,923
Price								\$ 1,950	\$ 1,989	\$ 2,029	\$ 2,069	\$ 2,111	\$ 2,153
Price Change									1%	1%	1%	1%	1%
Revenues ('000)								\$ 1,110,119	\$ 1,847,948	\$ 2,643,582	\$ 3,250,452	\$ 3,641,907	\$ 3,789,040
Probability of Success								50%	50%	50%	50%	50%	50%
Adjusted Revenues (M)								\$ 555,059	\$ 923,974	\$ 1,321,791	\$ 1,625,226	\$ 1,820,953	\$ 1,894,520
Assume Royalty Model 25%								\$ 138,765	\$ 230,994	\$ 330,448	\$ 406,307	\$ 455,238	\$ 473,630

Source: Dawson James

Valuation. We apply therapeutic probabilities of success in our product models, see model assumptions for complete details. For all three products, we apply a 50% probability. To this we then apply a 30% discount rate on our Free Cash Flow to the Firm, Discounted EPS and Sum-of-the-Parts models which are equally weighted, averaged and rounded to the nearest whole number to derive our \$4.00 price target. Our assumptions are based on out year estimates (2030) and assume a fully diluted share count (assume multiple capital raises).

Exhibit 6. Free Cash Flow Model

Average		4										
Price Target		3										
Year		2019										
DCF Valuation Using FCF (mln):												
units ('000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(13,336)	(13,768)	(11,810)	(12,587)	35,655	63,586	119,877	179,463	241,095	306,459	375,437	447,952
Tax Rate	0%	0%	0%	0%	0%	0%	15%	20%	30%	33%	37%	37%
EBIT (1-t)	(13,336)	(13,768)	(11,810)	(12,587)	35,655	63,586	101,895	143,570	168,766	205,328	236,525	282,210
CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1	-	-	-	-	-	-	-	-	-	-	-
Change in NWC	-	-	-	-	-	-	-	-	-	-	-	-
FCF	(13,335)	(13,768)	(11,810)	(12,587)	35,655	63,586	101,895	143,570	168,766	205,328	236,525	282,210
PV of FCF	(13,335)	(10,591)	(6,988)	(5,729)	12,484	17,125	21,110	22,880	20,689	19,362	17,157	15,747
Discount Rate	30%											
Long Term Growth Rate	1%											
Terminal Cash Flow	982,868											
Terminal Value YE2030	54,842.62											
NPV	164,754											
NPV-Debt	-											
Shares out ('000)	49,719	2030E										
NPV Per Share	3											

Source: Dawson James

Exhibit 7. Discounted-EPS Model

Current Year	2019
Year of EPS	2030
Earnings Multiple	10
Discount Factor	30%
Selected Year EPS	\$ 9.01
NPV	5

		Discount Rate and Earnings Multiple Varies, Year is Constant						
		5.03	5%	10%	15%	20%	25%	30%
Earnings Multiple	0	0	0	0	0	0	0	0
	5	26.33	15.78	9.68	6.06	3.87	2.51	
	10	52.66	31.57	19.36	12.12	7.74	5.03	
	15	78.99	47.35	29.04	18.18	11.60	7.54	
	20	105.32	63.13	38.72	24.24	15.47	10.05	
	25	131.65	78.92	48.40	30.30	19.34	12.56	
	30	157.97	94.70	58.08	36.36	23.21	15.08	
	35	184.30	110.48	67.75	42.43	27.08	17.59	

Source: Dawson James

Exhibit 8. Sum-of-the-Parts Model

	LT Gr	Discount Rate	Yrs to Peak	% Success	Peak Sales (MM's)	Term Val)
US - Ovaprene	1%	30%	11	75%	\$263	\$907
NPV						\$0.6
EU - Ovaprene	1%	30%	11	75%	\$193	\$665
NPV						\$0.4
US - DARE-BV1	1%	30%	11	75%	\$19	\$65
NPV						\$0.0
US - Sildenafil Cream	1%	30%	11	75%	\$493	\$1,699
NPV						\$1.1
EU - Sildenafil Cream	1%	30%	11	75%	\$474	\$1,633
NPV						\$1.0
Net Margin						75%
MM Shrs OS (2030E)						50
Total						\$3

Source: Dawson James

Exhibit 9. Income Statement

DARE: Income Statement (\$000)																	
YE December	2018A	1Q19A	2Q19A	3Q19E	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2Q28E	2Q29E	2Q30E
Revenue:																	
DARE-BV1								13,205	22,894	33,344	49,554	56,706	64,354	66,947	69,645	72,452	75,372
Ovaprene										189,764	293,242	513,567	746,931	993,923	1,255,152	1,531,252	1,822,884
Sildenafil Cream										555,059	1,479,033	2,245,765	2,245,765	2,947,017	3,446,180	3,715,473	3,865,579
Total Product Sales								13,205	22,894	223,108	897,855	2,049,306	3,057,050	4,007,888	4,770,977	5,319,177	5,763,834
DARE-BV1 Royalty Revenue (US)								3,301	5,724	8,336	12,388	14,176	16,088	16,737	17,411	18,113	18,843
Ovaprene Royalty Revenue (US)										47,441	73,311	100,699	129,676	160,310	192,677	226,852	262,916
Ovaprene Royalty Revenue (EU)												27,692	57,057	88,171	121,111	155,961	192,805
Sildenafil Cream Royalty Revenue (US)											138,765	230,994	330,448	406,307	455,238	473,630	492,765
Sildenafil Cream Royalty Revenue (EU)												138,765	230,994	330,448	406,307	455,238	473,630
Total royalties, collaborative revenue								3,301	5,724	55,777	224,464	512,326	764,263	1,001,972	1,192,744	1,329,794	1,440,959
Total Revenue Received by Dare								3,301	5,724	55,777	224,464	512,326	764,263	1,001,972	1,192,744	1,329,794	1,440,959
Expenses:																	
Costs of Goods Sold								561	973	9,482	38,159	87,096	129,925	170,335	202,767	226,065	244,963
%COGS			17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
General & Administrative	4,656	1,277	1,307	1,320	1,216	5,121	5,634	6,197	6,817	7,498	8,248	9,073	9,980	10,978	12,076	13,284	14,612
Research & Development	6,414	1,693	2,513	2,538	312	7,055	7,761	8,537	11,098	12,208	13,429	13,160	12,897	12,639	12,133	11,648	11,415
License Expense	625	113	163	110	105	490	500	510	535	562	590	620	651	683	717	753	791
Impairment of Goodwill	5,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	16,882	3,083	3,982	3,968	1,633	12,667	13,894	15,244	18,450	20,268	22,267	22,853	23,528	24,300	24,927	25,685	26,818
Operating Income (Loss)	(16,882)	(3,083)	(3,982)	(3,968)	(1,633)	(12,667)	(13,894)	(11,943)	(12,726)	35,509	63,432	119,715	179,294	240,917	306,272	375,241	447,746
Other income (expense)	143	31	30	30	29	120	126	133	139	146	153	161	169	178	187	196	206
Trigger Down Dvd			(790)			(790)											
Pretax Income	(16,739)	(3,052)	(4,742)	(3,938)	(1,604)	(13,336)	(13,768)	(11,810)	(12,587)	35,655	63,586	119,877	179,463	241,095	306,459	375,437	447,952
Income Taxes												17,981	35,893	72,328	101,131	138,912	165,742
Tax Rate											0%	15%	20%	30%	33%	37%	37%
GAAP Net Income (Loss)	(16,817)	(3,044)	(4,742)	(3,938)	(1,604)	(13,329)	(13,768)	(11,810)	(12,587)	35,655	63,586	119,877	179,463	241,095	306,459	375,437	447,952
Fx Translation	(79)	8	(8)														
GAAP Total Comprehensive Income (Loss)	-	(3,037)	(4,750)	(3,938)	(1,604)	(13,329)	(13,768)	(11,810)	(12,587)	35,655	63,586	119,877	179,463	241,095	306,459	375,437	447,952
GAAP-EPS	(1.57)	(0.27)	(0.29)	(0.15)	(0.06)	(0.77)	(0.43)	(0.29)	(0.29)	0.80	1.36	2.47	3.55	4.59	5.60	6.60	7.56
Fully Diluted EPS	(1.69)	(0.20)	(0.29)	(0.17)	(0.07)	(0.73)	(0.43)	(0.34)	(0.35)	0.95	1.62	2.94	4.23	5.46	6.67	7.85	9.01
Wgtd Avg Shrs (Bas) - '000s	10,732	11,422	16,105	25,966	26,226	19,930	31,964	41,382	43,063	44,811	46,631	48,524	50,494	52,545	54,678	56,898	59,209
Wgtd Avg Shrs (Dil) - '000s	11,422	15,172	16,105	23,766	24,004	19,762	32,223	34,750	36,161	37,629	39,157	40,747	42,401	44,123	45,915	47,779	49,719

Source: Dawson James

Risk Analysis

In addition to the typical risks associated with development stage specialty pharmaceutical companies, potential risks specific to Dare are as follows:

Financial risk. The company may need to raise capital in the marketplace in order to successfully push their products into the next phase, and there can be no assurances that the company will be able to successfully raise capital and or do so, on favorable terms.

Clinical and regulatory risk. Lead products must start and complete clinical trials. Trials may not produce results sufficient for regulatory approval.

Partnership risk. Dare may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the company will be able to secure a favorable partnership.

Commercial risk. There are no assurances that the company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

Legal and 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 or that the company may infringe on third party's patents.

Companies mentioned in this report:

Lupin (NSE: LUPIN)

Perrigo (NYSE: PRGO)

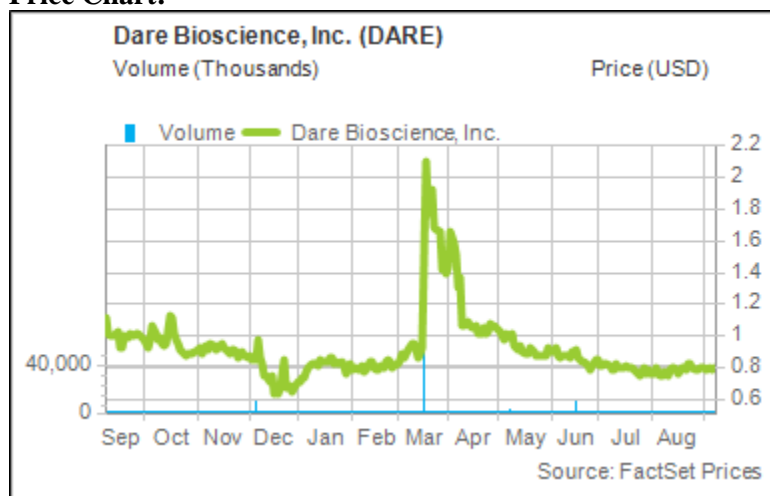
Allergan (NYSE: AGN)

Bayer (OTCMKTS: BAYRY)

Merck (NYSE: MRK)

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

Initiation – Buy – 7/18/2018 – Price Target \$8.00
 Transfer of Coverage – Buy – 7/18/2019 – Price Target \$4.00
 Update Report – Buy – 8/13/2019 – Price Target \$4.00
 Update Report – Buy – 8/15/2019 – Price Target \$4.00
 Update Report – Buy – 9/10/2019 – Price Target \$4.00
 Update Report – Buy – 11/11/2019 – Price Target \$4.00

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Rating 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) **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.

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.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	28	82%	4	14%
Market Perform (Neutral)	6	18%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	34	100%	4	12%

Analyst Certification:

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