Zacks Small-Cap Research

August 24, 2015
Grant Zeng, CFA
312-265-9466
gzeng@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Celator Pharma (CPXX-NASDAQ)

CPXX: Expecting overall survival data from CPX-351 in 1Q16, preparing to be a commercial stage organization---–Buy

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	04/15/2014
Current Price (08/21/15)	$2.13
12-Month Target Price	**$7.00**

OUTLOOK

Celator is a late stage drug development company with a focus on cancer. The Company has a pipeline based on its unique proprietary **CombiPlex** platform technology and liposomal/nanoparticle delivery system. Its lead candidate CPX-351 is a combination of cytarabine and daunorubicin co-encapsulated in a synergistic ratio. The company just announced positive top line data from the Phase III trial and we expect overall survival data in 1Q16.

Fundamentals of Celator remains strong and we are optimistic about the prospect of the company. We rate the shares of the company Buy.

SUMMARY DATA

52-Week High	**$3.12**
52-Week Low	**$1.70**
One-Year Return (%)	**-21.52**
Beta	**-3.22**
Average Daily Volume (sh)	**265,574**
Shares Outstanding (mil)	**34**
Market Capitalization ($mil)	**$72**
Short Interest Ratio (days)	**0.39**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2014 Estimate	**N/A**
P/E using 2015 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**N/A,**
Type of Stock	**N/A**
Industry	**Pharmaceutical**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	0.00 A	0.00 A	0.00 A	0.00 A	0.00 A
2015	0.00 A	0.00 A	0.00 E	0.00 E	0.00 E
2016					0.00 E
2017					3.50 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.16 A	-$0.18 A	-$0.21 A	-$0.07 A	-$0.62 A
2015	-$0.14 A	-$0.15 A	-$0.13 E	-$0.10 E	-$0.51 E
2016					-$0.46 E
2017					-$0.49 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

© Copyright 2015, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Update on Second Quarter 2015 Financials

There was no revenue for the second quarter of 2015, as compared to no revenue for the second quarter of 2014.

R&D Expenses were $3.5 million in 2Q15, as compared to $2.9 million for the same periods in 2014. The increase in R&D expenses in 2Q15 was primarily due to increases in outsourced clinical trial and regulatory activities related to CPX-351 and additional manufacturing costs.

Reimbursement from Leukemia & Lymphoma Society for 2Q15 was $1.0 million, as compared to $0.1 million for 2Q14.

G&A Expenses were $2.0 million for the three months ended June 30, 2015, as compared to $1.7 million and for the same periods of 2014. The increases in G&A expenses were primarily due to increases in investor relations, professional fees and public company-related costs.

Net Loss for second quarter of 2015 was $5.0 ($0.15 per share), as compared to $4.8 million ($0.18 per share) for the same periods in 2014.

Cash and cash equivalents as of June 30, 2015 were $28.5 million. Current cash and cash equivalents will be sufficient to fund the company's operations into the second half of 2016 according to our financial model.

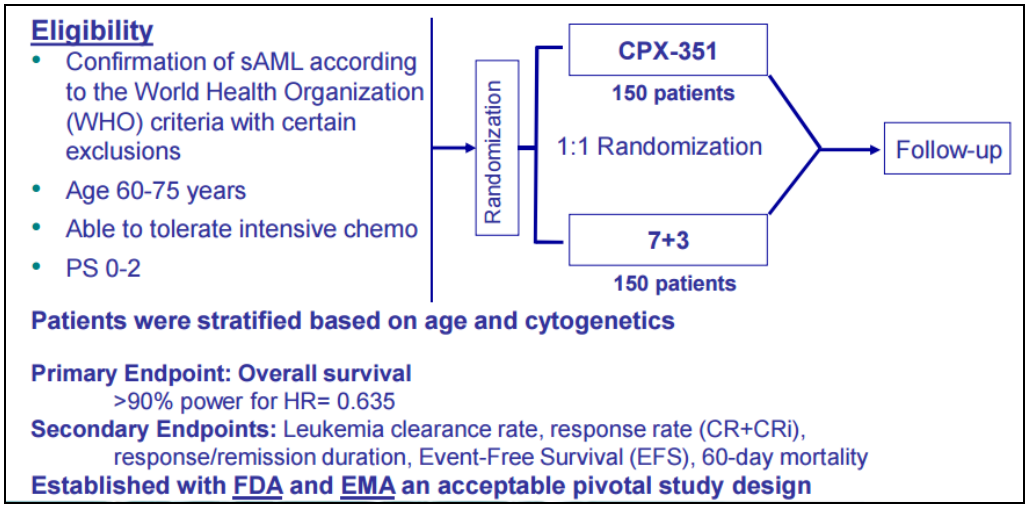
While earnings report is a non-event for CPXX, investors should pay attention to the company's achievements in clinical development. In this regard, we think Celator has made great progress to advance its clinical programs.

Preparing Transition to Commercialization

Recently, Celator held an Analyst and Investor Day in NYC. During the presentations, the company provided overview and update on its lead candidate CPX-351studies for the treatment of patients with untreated high-risk (secondary) acute myeloid leukemia **(sAML).** During the day, the company also outlined its plan to transition from a pure research company to a commercial stage organization.

Update on the Phase III Trial

In late June and during the analyst day, Celator updated final **induction response rate** (complete remission plus complete remission with incomplete hematologic recovery, or CR+CRi) in the Phase III study comparing CPX-351 to the standard of care regimen 7+3.



The Phase III study evaluated 309 patients, aged 60-75 years, from 39 clinical centers in the U.S. and Canada, with untreated high-risk (secondary) AML. The induction response rate for CPX-351 is 47.7% vs. 33.3% for the 7+3 regimen, representing a relative improvement of 43.2%.

	CPX-351 n=153	7+3 n=156	Relative Improvement
Induction Response Rate (CR+CRi)	47.7%	33.3%	43.2%

Data on overall survival, the primary endpoint, are expected **in 1Q16.**

In addition to induction response and overall survival, other important information, such as rate of morphologic leukemia-free state, best overall response, response duration, event-free survival, and early mortality, as well as pharmacoeconomic comparisons, will be assessed and available at the conclusion of the study.

Induction response rate is a key secondary endpoint in the Phase III study and has been an important surrogate of overall survival and clinical benefit in this patient population. These data validate the induction response rates observed in the Phase II study, which was associated with a marked improvement in overall survival.

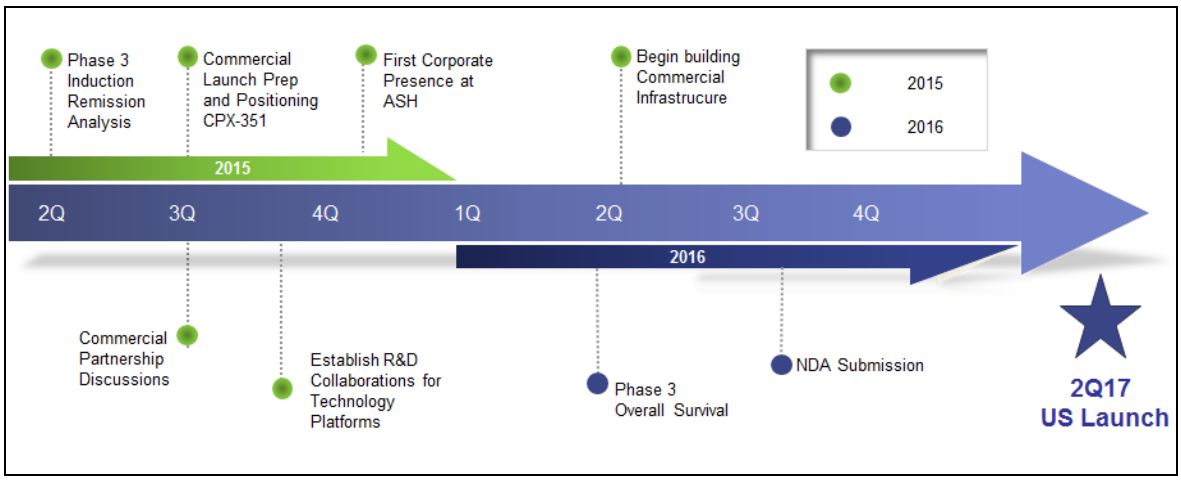
We are pleased with the positive data from the Phase III trial. The 43% improvement in induction response rate for CPX-351 is promising since response rate in induction therapy for AML has historically served as a surrogate for overall survival. Based on the encouraging induction response rate, we believe there will be a high probability that the overall survival will also be positive.

Paving the Way to CPX-351 Commercialization

The company is also conducting a **Phase II** pharmacokinetic and pharmacodynamics **(PK/PD)** study evaluating the effects of CPX-351 on **cardiac repolarization** in adult patients with acute hematologic malignancies, including acute myeloid leukemia (AML), acute lymphoblastic leukemia (ALL), and myelodysplastic syndrome (MDS).

The company expects to report top-line results from this PKPD study by **the end of the year**. The PKPD will be provided to the FDA to support the NDA filing for CPX-351.

Based on the availability of the PKPD data by year end and the availability of the primary endpoint of overall survival for the Phase III trial in 1Q16, we estimate CPXX will submit a NDA in the 3Q16 and that CPX-351 will be approved in mid-2017 by the FDA.



The FDA granted **Fast Track designation** for CPX-351for the treatment of elderly patients with secondary AML. If approved, CPX-351 may ultimately replace 7+3 on the basis of improved efficacy and acceptable safety.

CPXX also plans a MAA submission in 1Q17 and we expect the approval of CPX-351 by the EMA in 1H18.

CPXX plans to market CPX-351 in the US on its own and find a partner for ex-US markets. It's also possible that the company co-markets CPX-351 in the US with its partner. CPXX plans to hire about 30 sales rep and managers in the US targeting 50 centers which performed more than 70% of all AML SCTs.

CPXX has been busy to prepare for the commercialization of CPX-531 recently. These efforts include:

- ✓ KOL and Investigator Engagement
  - International Advisory Board and ongoing investigator dialogue
- ✓ Core Scientific Messages
- ✓ Publication Planning
- ✓ Developed and Tested Target Product Profile
  - US and EU (West, Central, East)
- ✓ Initial pricing and reimbursement research
  - US and EU
- ✓ Branding
  - Name and logo generation, testing, legal search, and filing
- ❑ Landscape Assessment - INITIATED
- ❑ Value Proposition - INITIATED
- ❑ Pricing/Access/Reimbursement Research – pending completion of initiated efforts

Market Potential for CPX-351

Background of AML

Acute Myeloid Leukemia (AML) represents a group of clonal hematopoietic stem cell disorders in which both failure to differentiate and excessive proliferation in the stem cell compartment result in accumulation of non-functional cells termed myeloblasts. Untreated AML in all ages is rapidly fatal, with patients dying on average within a few months of diagnosis. Even with treatment, particular groups of AML patients continue to have a poor prognosis.

According to The American Cancer Society, in 2014, about 18,860 new cases of AML were diagnosed, most were in adults. About 10,460 AML patients died from AML, almost all were in adults. AML is generally a disease of older people and is uncommon before the age of 45. The average age of a patient with AML is about 66 years. Given that the median age at diagnosis of AML is 66 years, it is not surprising that the majority of patients diagnosed with AML are at high risk and in need of improved treatment options.

AML in older patients (age ≥60) is associated with increased risk of not responding to therapy and increased risk of dying from the treatment. The poor results of treatment in older patients with AML have led to reluctance to treat some elderly patients with intensive regimens designed to induce aplasia and complete remission.

Secondary AML **(sAML)** refers to the development of AML following the history of a previous disease, such as a myelodysplastic syndrome or a chronic myeloproliferative disorder. Secondary AML can also be a consequence of treatment with chemotherapy, including alkylating agents and topoisomerase II inhibitors, and/or radiotherapy, or due to exposure to environmental carcinogens. At the chromosomal level, specific karyotypic abnormalities have been identified and linked to sAML subtypes.

Secondary AML is reported as 20-30% of the AML incidence and is estimated as 40% of AML cases in patients >60 years of age. Prognosis for patients with AML is poor with median OS of 9-12 months, and sAML is even worse with median OS of 6-7 months with current treatments.

Current Treatment Regimens for AML

Treatments for AML patients usually include **induction therapy** followed by post-remission chemotherapy (**consolidation**) for most patients. For some patients, this will be followed by hematopoietic **stem cell transplantation**. Treatment options for AML patients vary depending on the patient's age, cytogenetics, and prognostic factors. Currently, the treatment options are often divided into two groups: one for patients younger than 60 and one for patients 60 years and older.

The goal of **induction chemotherapy** is to reduce the number of leukemic cells as well as return proper function to the bone marrow. The 7+3 regimen of cytarabine (100 mg/m^2 for 7 days) plus daunorubicin (45 to 60 mg/m^2 for 3 days) is the most common induction regimen for both age groups. Induction is successful in about 65% of all AML patients who get standard induction chemotherapy with daunorubicin and cytarabine. The actual chance of remission depends to a large part on a person's specific prognostic factors, such as age or the presence of certain gene or chromosome changes.

Post-remission **consolidation therapy** then aims to eradicate any residual disease in an attempt at cure. Post-remission chemotherapy includes high-dose cytarabine (ara-c; HiDAC) for patients younger than 60 years, whereas a 5 or 5 + 2 regimen of cytarabine plus an anthracycline or anthracenedione is preferred for patients older than 60 years. HiDAC has proven to be efficacious for young patients with good or intermediate prognosis. In patients younger than 60 years, HiDAC yields a 4-year disease-free survival rate of 44%, with relatively few relapses, but carries with it a 5% treatment-related mortality. In contrast, HiDAC failed to improve the outcome of patients older than 60 years. HiDAC has shown particular efficacy for patients with CBF DNA subunit abnormalities.

Older patients generally don't do as well as those younger than 60. They have trouble tolerating intensive treatment and often have chromosome changes in their leukemia cells that are linked to a poorer outlook.

	Age (yr)	
Parameter	**<60**	**≥60**
Induction chemotherapy	7 + 3	7 + 3
Postremission chemotherapy	HiDAC	5 or 5 + 2
Complete response rates (%)	65-85	40-55
Treatment-related mortality (%)	5-10	20-30
5-year disease-free survival (%)	30	5-10

HiDAC, high-dose cytarabine (1000-3000 mg/m^2 IV over 1-3 hr every 12 hr for 6 to 12 doses); 7 + 3, 7 days of cytarabine at 100 mg/m^2 + 3 days of an anthracycline or anthracenedione (most commonly idarubicin, 12 mg/m^2, mitoxantrone, 12 mg/m^2, or daunorubicin, 45 mg/m^2); 5 or 5 + 2, 5 days of cytarabine at 100 mg/m^2 alone or combined with 2 days of an anthracycline or anthracenedione.

Source: Cleveland Clinic

Allogeneic or autologous **bone marrow transplantation** is an additional option for post-remission therapy in adults with AML. For some patients younger than 60 years and for whom an HLA-matched sibling or matched unrelated donor is available, allogeneic stem cell transplantation should follow induction chemotherapy. However, this procedure has an associated 20% to 25% treatment-related mortality rate. For patients without a compatible donor or for whom age precludes such treatment, additional chemotherapy or autologous stem cell transplantation are options.

CPX-351 Advantage and Opportunity

The 7+3 regimen has been the **standard first-line treatment** for AML for over 40 years. Better therapies are urgently needed in view of the relatively poor prognosis for most patients with AML. Efforts to improve these outcomes, including intensification of treatment via modification of dose levels and schedules and/or addition of new cytotoxic and targeted therapies to existing regimens, have had limited success.

Despite the widespread use of the 7+3 regimen for AML, there has been little research focused on understanding how these two drugs interact on a cellular level. The different treatment schedules used for cytarabine and daunorubicin in the 7+3 regimen result in leukemia cells being exposed to constantly changing ratios, which may limit the effectiveness of this chemotherapy combination when some of those ratios are antagonistic. In fact, drug ratio dependency was observed and superiority of the 5:1 molar ratio was identified by Celator in pre-clinical studies, both in vitro and in vivo. Consequently, the CombiPlex technology platform was applied to this combination and nano-scale liposomes were engineered that co-encapsulated cytarabine and daunorubicin, to maintain the optimal synergistic drug ratio for extended periods of time after intravenous injection, with the aim of improving anti-leukemia activity.

From the existing clinical data, we believe **CPX-351** has the potential to replace 7+3 as the **current standard of care** for AML. CPX-351 contains the same 2 active ingredients, cytarabine and daunorubicin, but at a pre-determined synergistic 5:1 molar ratio. This synergistic ratio is preserved and maintained in human serum via co-encapsulation within a nanoparticle-size liposomal formulation. CPX-351 is administered as a 90-minute infusion on days 1, 3, and 5. Data from the pivotal study, along with data from the completed Phase II studies and the ongoing and proposed clinical studies (investigator-initiated or possibly cooperative group studies) are critical to establish the benefit of CPX-351 in patients with AML and other hematologic malignancies.

Key advantages of CPX-531 include:

- Prolonged overall survival
- Significant reduction in 60-day early mortality
- Higher remission rates could result in more transplant candidates
- More convenient and less resource-intensive dosing schedule
    - o 3 x 90 minute infusions vs 7-day continuous infusion coupled with an IV push on days 1-3 during induction
    - o Fixed, co-formulation of 2 drugs eliminates need to mix or identify optimal ratio
- Alopecia rarely observed
- Potential for outpatient treatment in consolidation phase

Celator selected sAML as the "get-to-market" strategy because this represents the fastest path to market for a Phase III study and a higher probability for success because a statistically significant survival advantage has already been demonstrated in the completed Phase II study. CPX-351 may provide potential benefit in other AML populations as well as other hematologic malignancies.

We estimate peak sales of CPX-351 will be in the range of $300 to $500 million for the first indication globally. The overall global market opportunity for all indications will well be over $1 billion.

CPXX Expands Clinical Development in AML and other Hematologic Malignancies

The company's clinical development strategy is designed to expand CPX-351 into important areas of unmet need in AML and other hematologic malignancies.

In June 2015, CPXX announced the expansion of an investigator-initiated clinical study of **CPX-351** in patients with untreated high-risk myelodysplastic syndrome **(MDS)** or acute myeloid leukemia **(AML),** at high risk of treatment-related mortality.

The expansion of the 32units/m^2 dose cohort is based on the encouraging efficacy and safety results observed so far. In order to expand the 32units/m^2 cohort, the protocol requires 5 or more complete responses and fewer than five deaths by day 28 in the first 20 patients. In this trial, CPX-351 resulted in 6 responses in the first 20 patients with 2 early treatment-related deaths by day 28.

CPX-351 surpassed both criteria and the number of patients in the cohort was increased from 20 to 30.

This investigator initiated trial and expansion represents the company's ongoing effort to expand the CPX-351's utility into additional cancer indications in addition to sAML. Data so far have demonstrated the advantages of CPX-351 over standard chemotherapy regimens in terms of safety and efficacy.

And in July, Celator announced the enrollment of an investigator-initiated **Phase II** clinical study evaluating CPX-351 as a treatment for patients with **newly diagnosed Acute Myeloid Leukemia (AML)** at high risk for induction treatment mortality.

This Phase II study will enroll up to 55 patients. The primary objective is to assess the preliminary efficacy and safety of multiple dose levels of CPX-351 in patients with newly diagnosed AML at high risk for induction treatment mortality. High risk for induction treatment mortality is defined as 30%-50% predicted risk of expiring by day 60.



Update on CombiPlex® Platform R&D

At the front of **CombiPlex technology**, the company has been conducting preclinical studies on different combinations of molecularly targeted agents.

Based on current advancement, CPXX plans to present full data packages at the end of 3Q 2015 which include

- Formulation and pharmaceutical stability
- Pharmacokinetics
- Tolerability + selected target organ toxicity testing
- Efficacy vs free drug in multiple tumor models + drug ratio dependency

The company will provide abstract submission and data presentation at EORTC/NCI/AACR conference on Molecularly Targeted Therapeutics; November 5-9, 2015, Boston, MA.

The potential of CombiPlex platform could provide potential R&D collaborations with big pharma applying CombiPlex® technology to their compounds.
Based on the preliminary data, CPXX is assessing opportunity to advance one CombiPlex® combination into formal development towards clinical testing.

Valuation Attractive

We maintain our Buy rating on Celator shares and reiterate our 12-month price target of $7.00.

Celator is a late stage specialty pharmaceutical company with a focus on cancer. The company has built a decent pipeline using its unique, proprietary **CombiPlex** platform technology and **liposome/nanoparticle** delivery system. With the availability of top line data from its lead candidate CPX-531, the company is one step closer to the commercialization stage.

We think the positive top line data from the company's lead Phase III clinical program **CPX-351** serves as a major catalyst for Celator now, while overall survival data will be a second major catalyst within one year. CPX-351 targets **AML** patients. Based on positive Phase II data and the encouraging top line data,

we believe CPX-351 has a high success rate in the ongoing Phase III study. We expect CPX-351 to be approved by the FDA in mid-2017 and by the EMA in 2018.

In terms of valuation, we think Celator's shares are undervalued at current market price. Currently Celator shares are trading at about $2.35 per share, which represents a market cap of $79 million based on 34 million outstanding shares. This undervalues Celator based on its relatively strong fundamentals. According to our model, we expect CPX-351 to be approved in 2017 by the FDA and in 2018 by the EMA. We model Celator will become profitable (EPS of $0.03) in 2018 based on CPX-351 sales of $35 million. Sales of CPX-351 will accelerate in 2019 after the company gains marketing experience and further market penetration. If we use a P/E multiple of 30x, coupled with EPS of $0.62 in 2019, and discounted at 28% for 4 years, we come up with our price target of $7.00. Our price target values CPXX at a market cap of $238 million, which we think is still conservative.

But keep in mind the **risks**. Since Celator is still a clinical stage company, there are still **clinical** and **regulatory** hurdles for the company to overcome. Even when CPX-351 is approved, there are still **commercial risks** since CPX-351 will be the first commercial product for the company. In addition, general market condition will also have significant impact on the company's share price. However, overall, we believe Celator is a name for investors with a long term investment horizon and high risk tolerance.

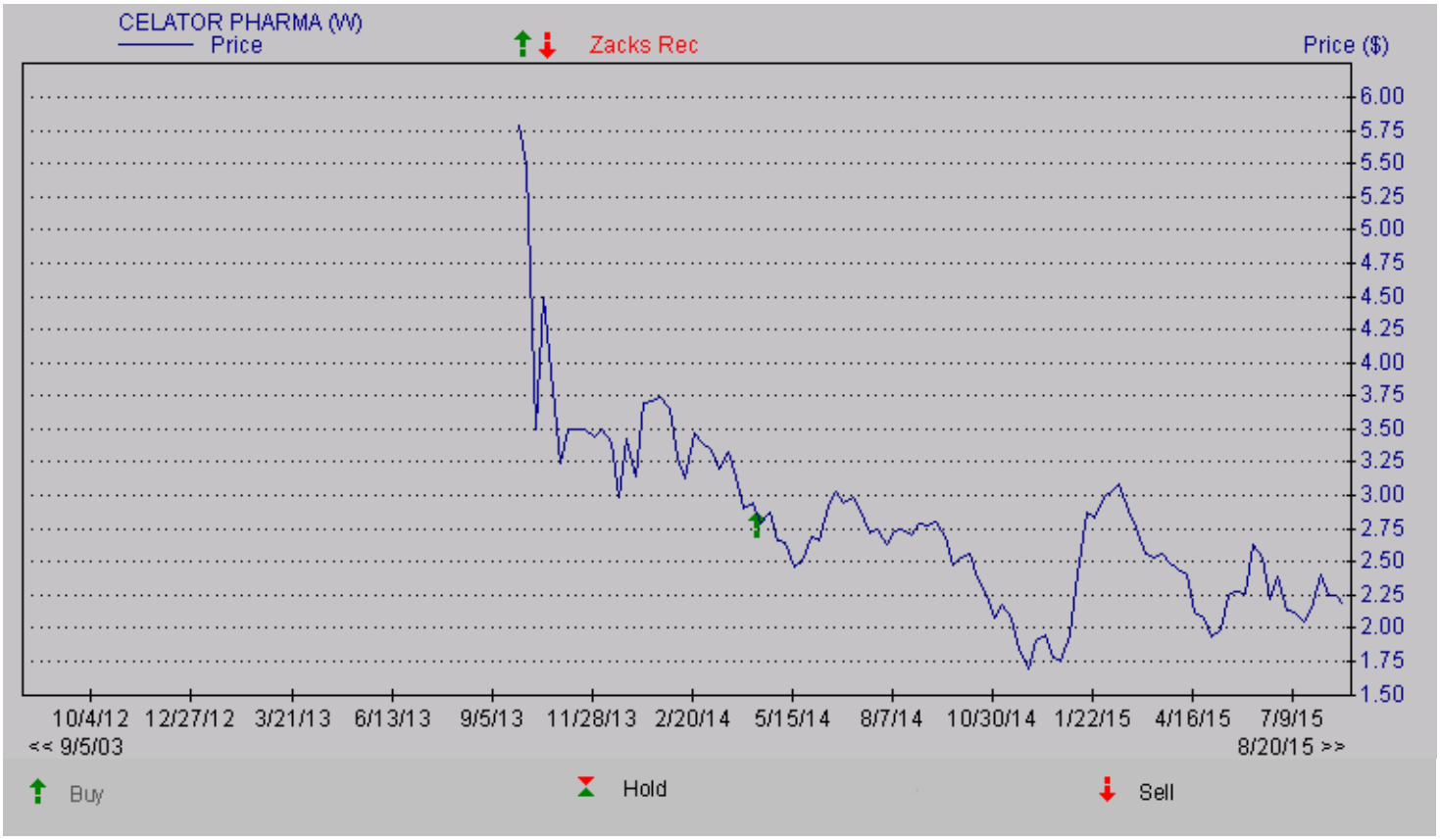
PROJECTED INCOME STATEMENT

	2014 (Dec)					2015E (Dec)					2016E (Dec)	2017E (Dec)	2018E (Dec)	2019E (Dec)
$ in million except per share data	Q1A	Q2A	Q3A	Q4	FYA	Q1A	Q2A	Q3E	Q4E	FYE	FYE	FYE	FYE	FYE
Product revenue	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$3.50	$35.00	$75.00
Other revenue	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Revenues	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$3.50**	**$35.00**	**$75.00**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	900.0%	114.3%
CoGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.53	5.25	11.25
Gross Income	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$2.98**	**$29.75**	**$63.75**
Gross Margin	-	-	-	-	-	-	-	-	-	-	-	85.0%	85.0%	85.0%
R&D	$2.33	$2.80	$3.20	$2.02	$10.35	$2.57	$2.42	$2.00	$1.70	$8.69	$10.00	$13.50	$15.00	$17.50
% R&D	-	-	-	-	-	-	-	-	-	-	-	385.7%	42.9%	23.3%
SG&A	$1.89	$1.73	$1.87	$1.80	$7.29	$1.76	$2.01	$2.05	$2.20	$8.03	$8.50	$10.50	$12.50	$15.00
%SG&A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	$0.05	$0.05	$0.05	$0.13	$0.27	$0.05	$0.05	$0.05	$0.05	$0.20	$0.50	$0.50	$0.50	$0.00
Operating Income	**($4.3)**	**($4.6)**	**($5.1)**	**($3.9)**	**($17.9)**	**($4.4)**	**($4.5)**	**($4.1)**	**($4.0)**	**($16.9)**	**($19.0)**	**($21.5)**	**$1.8**	**$31.3**
Operating Margin	-	-	-	-	-	-	-	-	-	-	-	-	-	41.67%
Other Net	($0.0)	($0.2)	($0.4)	($0.3)	($0.9)	($0.3)	($0.5)	($0.2)	($0.2)	($1.2)	($0.8)	($0.5)	($0.1)	($0.1)
Pre-Tax Income	**($4.3)**	**($4.8)**	**($5.5)**	**($4.3)**	**($18.8)**	**($4.7)**	**($5.0)**	**($4.3)**	**($4.2)**	**($18.1)**	**($19.8)**	**($22.0)**	**$1.7**	**$31.2**
Income taxes(benefit)	$0.0	$0.0	$0.0	($1.9)	($1.9)	$0.0	$0.0	$0.0	$0.0	$0.0	($1.0)	$0.0	$0.0	$0.0
Tax Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reported Net Income	**($4.3)**	**($4.8)**	**($5.5)**	**($2.4)**	**($16.9)**	**($4.7)**	**($5.0)**	**($4.3)**	**($4.2)**	**($18.1)**	**($18.8)**	**($22.0)**	**$1.7**	**$31.2**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin	-	-	-	-	-	-	-	-	-	-	-			
Diluted Shares Out	26.0	26.1	26.1	31.5	27.4	33.7	33.8	34.0	40.0	35.4	41.0	45.0	48.5	50.0
Reported EPS	**($0.16)**	**($0.18)**	**($0.21)**	**($0.07)**	**($0.62)**	**($0.14)**	**($0.15)**	**($0.13)**	**($0.10)**	**($0.51)**	**($0.46)**	**($0.49)**	**$0.03**	**$0.62**
One time charge	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($4.3)**	**($4.8)**	**($5.5)**	**($2.4)**	**($16.9)**	**($4.7)**	**($5.0)**	**($4.3)**	**($4.2)**	**($18.1)**	**($18.8)**	**($22.0)**	**$1.7**	**$31.2**
Non GAAP EPS	**($0.16)**	**($0.18)**	**($0.21)**	**($0.07)**	**($0.62)**	**($0.14)**	**($0.15)**	**($0.13)**	**($0.10)**	**($0.51)**	**($0.46)**	**($0.49)**	**$0.03**	**$0.62**

Source: company filings and Zacks estimates

© Copyright 2015, Zacks Investment Research. All Rights Reserved.

HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Grant Zeng, CFA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESMENT BANKING, REFERRALS, AND FEES FOR SERVICE

Zacks SCR does not provide nor has received compensation for investment banking services on the securities covered in this report. Zacks SCR does not expect to receive compensation for investment banking services on the Small-Cap Universe. Zacks SCR may seek to provide referrals for a fee to investment banks. Zacks & Co., a separate legal entity from ZIR, is, among others, one of these investment banks. Referrals may include securities and issuers noted in this report. Zacks & Co. may have paid referral fees to Zacks SCR related to some of the securities and issuers noted in this report. From time to time, Zacks SCR pays investment banks, including Zacks & Co., a referral fee for research coverage.

Zacks SCR has received compensation for non-investment banking services on the Small-Cap Universe, and expects to receive additional compensation for non-investment banking services on the Small-Cap Universe, paid by issuers of securities covered by Zacks SCR Analysts. Non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, equity research, investment management, non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per client basis and are subject to the number of services contracted. Fees typically range between ten thousand and fifty thousand USD per annum.

POLICY DISCLOSURES

© Copyright 2015, Zacks Investment Research. All Rights Reserved.

Zacks SCR Analysts are restricted from holding or trading securities placed on the ZIR, SCR, or Zacks & Co. restricted list, which may include issuers in the Small-Cap Universe. ZIR and Zacks SCR do not make a market in any security nor do they act as dealers in securities. Each Zacks SCR Analyst has full discretion on the rating and price target based on his or her own due diligence. Analysts are paid in part based on the overall profitability of Zacks SCR. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Zacks SCR for services described above. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports are based on data obtained from sources we believe to be reliable, but are not guaranteed as to be accurate nor do we purport to be complete. Because of individual objectives, this report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

ZACKS RATING & RECOMMENDATION

ZIR uses the following rating system for the 1104 companies whose securities it covers, including securities covered by Zacks SCR:
Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters.
Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 16.3%, Hold/Neutral- 78.4%, Sell/Underperform – 4.6%. Data is as of midnight on the business day immediately prior to this publication.