

A LETTER FROM OUR FOUNDER (2004)

Clinical results, technical breakthroughs, the complex catacombs of Intellectual Property, expectation management, unpredictable financial markets and limited capital market access has created increasingly tough challenges and a sense of uncertainty in the health science sector. The volatility and on-going changes created by the SEC related conflict-of-interest investigations has forced many securities firms to re-define themselves and sever ties between investment bankers and research analysts. The net effect has caused a certain degree of chaos, analyst turnover and serious attrition in health science research staffs.

As the investment industry undergoes this critical time of regulatory and legal scrutiny, I want to share with you a summary of Scimitar's philosophy, views and actions in defining conflict of interest issues.

Equity research is our only business! My intent is to keep our constituents well informed concerning Scimitar's code of ethics, practices and

beliefs with regard to issues of trust and its safeguards. We adhere to the "Best Practices" guidelines to improve the integrity of stock research.

To ensure utility and maximize transparency, our recommendations, reviews, legal disclaimer, disclosures and stock rankings are written in plain English. Reason and deliberation clarifies Scimitar's research approach in identifying any value proposition.

Our continued existence is predicated on providing independent thinking and untainted analysis.

Scimitar is an employee owned firm and certifies that the views expressed in our analysis are our own. We strive for accuracy and completeness in our research resulting from unbiased investigation. Our opinions reflect our judgment at a particular time following a comprehensive examination of changes due to economic, industry and

company specific factors. Scimitar restricts any review of our analysis to only factual accuracy and will not be influenced nor will respond to pressures for any "conclusions, recommendations, valuations or price targets". Scimitar's code of ethics precludes investment banking relationships, money management and personal investment in the stocks which we provide coverage or institutional sponsorship. We will not squander the trust and relationships we have developed in these past twenty five years. That is our oath to our constituents!

Professionalism demands uncompromising integrity and Scimitar is committed to uncompromising professionalism. Our employees are expected to adhere to high ethical standards. Scimitar desires to be at the forefront of disclosure and seeks adoption of "Best Practice Guidelines" as they become available to improve the integrity of stock research.

Equity Research is our only business

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A LETTER FROM OUR FOUNDER continued (2004)

A Code of Ethics is agreed to by each Scimitar employee and disclosed each quarter. All Scimitar employees are subject to strict restrictions on personal securities trading.

Scimitar certifies the views expressed in our reviews and fully support a regulatory framework that ensures "clear and prominently" displayed disclosures of issuer-paid research to maximize transparency standards.

This is particularly important since we provide investment analysis on (Scimitar) selected companies for institutional advisors and asset managers. We adhere to recent guidelines defining disclosure of the "independent source, solicitation and payment by subject companies." The best regulatory solutions must thoroughly protect all investors on a fair and equal basis while maintaining an effective balance of unbiased reporting, objectivity and transparency.

We want you to understand our position on these points and assure you of the steps we would

take to handle any arising issue: By responding quickly to any inquiry or concern raised by clients, prospects, institutional advisors, asset managers, contributors or our own employees and taking immediate (corrective) action.

While no firm can guarantee total prevention in conflicts of interest, we are confident that the measures we are putting in place deter any questionable practices and will fully comply with our code of ethics, applicable legal and regulatory requirements. These measures could change as disclaimers and disclosures evolve in the near term. Please be assured that we continue to support disclosure and work diligently to support the efforts of regulatory authorities.

Ultimately, our equity research business depends on your trust and our ability to communicate through our analysis. Thank you for your continued utilization and support!

Thank You,

Henry W. McCusker

"Bridging Equity Research To Institutional Access"



Scimitar Equity Research, Inc. (Scimitar) provides "sponsored" equity research and objective analysis of selected segments within the health sciences industry for the institutional and investment communities. Scimitar, based in Boston, integrates scientific and financial analyses to identify those companies demonstrating real progress towards their vision, while meeting quarterly expectations.

Scimitar's capabilities are differentiated through our years of corporate experience in the health and life sciences industry and venture/public investment fund communities resulting in an extensive and valuable network. During the past twenty-five years we have developed relationships with a network of asset managers, institutional advisors, high-net worth individuals and other investment professionals.