

A LETTER FROM OUR FOUNDER (2008)

Our mission is unchanged from the day we were founded: that is to provide objective, comprehensive and timely equity research. Unlike our larger competitors that provide research, underwrite and trade securities; our interests remain fully aligned with those of our clients in pursuit of the simple objective of defining the short, near and long term potential for an investment decision. Now in our fifth year, we believe we have become a major independent alternative to investment banks for research and access to the investor population.

The market is now looking toward 2008 and I believe a slowdown. Emerging healthcare stocks have experienced quite a bit of volatility and downward interest. While the Biotech industry entered the final two months of the year in relatively good shape; the elections are coming which include a whole new perspective on healthcare. Healthcare spending is rising at record rates and many emerging healthcare companies have enormous potential in their research programs. Now is a good time to create coverage of your stock to stimulate investment.

Writing equity research is a very consuming job and our intensity to "get it right" reflects our personal commitment, ethics as well as our SEC certification. Scimitar's research process is a bit like peeling an onion with our due diligence and reporting defining the utility in moving the investment process closer to the access door and the ultimate "BUY or HOLD" decision stage.

Research coverage of emerging healthcare companies' stock is the starting point from which to the "eventuality" of an investment decision begins. It's extremely time consuming for the buy side to have to do primary research on large numbers of stocks that may well end up being 'passed' on. For this same reason quant screens are often used to identify small companies that may be attractive on paper, but may ignore the qualitative factors that are important in emerging healthcare company investing. Investors and shareholders need independent verification that emerging healthcare companies are meeting milestones and reaching regulatory goals.

A good buy side analyst or asset manager is able to utilize our equity research review as a "comprehensive" backgrounder to form questions, provide answers for investment managers, rank comparables that should be reviewed, define milestones/catalysts that match expectation as well as the risks and opportunities and then use all these factors to make an investment decision. Without coverage, it's difficult if not impossible for investors to know what expectations are; investment performance is more about how a company does relative to the expectations.

Scimitar Equity's culture is rooted in the traditions of the research boutiques that once dominated the investment research landscape. Over the past five years, Scimitar Equity has consistently expressed the facts that sell-side equity research will continue to suffer as the impact of Reg FD, the decoupling of investment banking from research, falling equity commissions, and increased research staffing at buy-side accounts has made sell-side research a much more difficult business proposition than it was in the past years.

Research conflicts of interest have received a lot of focus in recent years due to the obvious biases that developed due to the unhealthy relationship between investment banking, institutional sales and their internal equity research departments.

Lack of coverage continues to point to a dramatic need for independent research providers, such as Scimitar Equity Research. Our timely analysis and models are updated quarterly while capitalization increases or decreases are defined in regard to regulatory status and certainly market conditions.

Projecting the valuation of emerging healthcare companies can be truly "inexact". In these current volatile market times; Scimitar now issues a valuation matrix model having stepped back from making price targets.

Valuation should be understood in terms of an objective quantitative model and a comprehensive qualitative explanation that enlightens investors to expectation and potential versus a price target.

We provide a number of services, including: Any time access - speak to "ME" about insights and diligence ranging from comparable sector trends to company trends; Written reports: company, industry, mid-quarter reports, daily insights and weekly updates, earnings reviews as well as thematic sector reports. We host management meetings and non-deal road shows - providing access for senior and executive management to the investment community. We also create custom metrics - possessing access to quantitative databases of financial and operating data including: historical and forecasted financial, operating and valuation data, stock price performance, and historical economic data. Finally, our core competency extends our customized research projects - qualitative and quantitative analysis on current and historical metrics, sectors and competitors, merger and topic specific research.

Scimitar Equity provides value-added intelligence and insightful investment conclusions on those companies demonstrating real progress toward their vision while meeting quarterly expectation.

In conclusion, we reiterate our commitments to clients and long standing investment relationships. We maintain: the highest ethical standards in everything we do; avoid conflicts of interests; manages our quality versus quantity foundation of independence and categorically state our interests are aligned with those of our clients and the investing community. We are grateful to our clients and institutional supporters. Let's hope 2008 is a good year.

Thank You,



Henry W. McCusker

Equity Research is our only business!