

Daily Research Highlights

Synergy Pharmaceuticals, Inc.: Second in Line, but Not Second Best: Initiating with a BUY and \$7.00 Price Target

Gaming: Las Vegas Strip Room Rate Tracker & Weekly Gaming Update - September 24, 2012

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September 25

Synergy Pharmaceuticals, Inc. (SGYP, BUY, Target: \$7.00)
Irina Rivkind (212-915-1237, irivkind@cantor.com)

[Second in Line, but Not Second Best: Initiating with a BUY and \\$7.00 Price Target](#)

- **Synergy is benefiting from linaclotide excitement in the constipation/IBS-C market:** We believe that investors have been motivated by the attractiveness of the constipation/IBS-C market outlined by competitor Ironwood and view Synergy's plecanatide as an improved compound possessing similar efficacy with less diarrhea. We provide a fresh look at Synergy's data post-Linzess (linaclotide) approval. We think that the plecanatide market opportunity is attractive, albeit smaller.
- **Why we like SGYP but not IRWD:** (1) Economics appear more favorable for Synergy, which owns 100% of plecanatide commercial rights, while Ironwood has partnered linaclotide with three companies and keeps only a portion of the profits. (2) Synergy's operational expenses are more modest than Ironwood's. (3) The exit strategy for Synergy is more visible, in our view, and we believe that management plans to sell the asset rather than build out a large organization with future commercial and clinical risks.
- **We are cautious because of the risk associated with slightly weaker efficacy data and early stage of development:** In spite of its chemical similarity to linaclotide, we believe that the efficacy of plecanatide could be somewhat weaker based on data from the small Phase IIa trial in chronic constipation. There are also limited data to support plecanatide's efficacy in IBS-C, and the efficacy signal on abdominal discomfort collected from the constipation trial was inconsistent with the data from the rest of the study. We believe that this clinical risk is already in the stock.

September 24

Gaming

Robert LaFleur (212-915-1259, rlafleur@cantor.com)

[Las Vegas Strip Room Rate Tracker & Weekly Gaming Update - September 24, 2012](#)

Our proprietary **Las Vegas Room Rate Tracker & Weekly Gaming Update** analyzes hotel room pricing trends on the Las Vegas Strip. Each week we compare current asking rates to the prior year as a barometer of current demand trends on the Las Vegas Strip. This report also features our weekly gaming industry update, which includes current valuation comps, stock price performance, and the most up-to-date market and revenue data for Las Vegas and Macau.

Current Asking Rate Trends for Week Ending 10/20/12

- Average Blended Weekly asking rates are down 12%
- Average Weekend asking rates are up 7%
- Average Weekday asking rates are down 24%
- Best Performing Portfolio = Caesars (+26%)
- Worst Performing Portfolio = LVS (-48%)

Most Up-to-Date Industry Stats

- Las Vegas Strip Gaming revenues were +27.5% in July 2012 and are +2.6% LTM
- Las Vegas Strip Baccarat revenues were +113.6% in July 2012 and are +5.5% LTM
- Las Vegas Visitation was -0.8% in July 2012 and is +2.5% LTM
- Las Vegas Convention Attendance was -2.8% in July 2012 and is +6.1% LTM
- Macau Gaming revenues were +5.5% in August 2012 and are +20.8% LTM
- Macau VIP Baccarat revenues were +9.4% in 2Q:12
- Macau Mass Gaming Revenues were +32.6% in 2Q:12

Disclosures Appendix

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BUY: We have a positive outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors add to their position.

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SELL: We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

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Rating and Price Target History for: Synergy Pharmaceuticals, Inc. (SGYP) as of 09-24-2012



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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Rating and Price Target History for: Forest Laboratories, Inc. (FRX) as of 09-24-2012



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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Rating and Price Target History for: Ironwood Pharmaceuticals, Inc. (IRWD) as of 09-24-2012



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Rating and Price Target History for: Salix Pharmaceuticals, Ltd. (SLXP) as of 09-24-2012



B=Buy H=Hold S=Sell I=Initiated D=Dropped

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Cantor

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	79	51.30	13	16.46
HOLD [H]	64	41.56	3	4.69
SELL [S]	11	7.14	0	0.00