

Joseph P. Schwartz  
(617) 918-4575  
Joseph.Schwartz@Leerink.com

Michael Schmidt, Ph.D.  
(617) 918-4588  
Michael.Schmidt@Leerink.com

Reason for report:

ESTIMATE CHANGE

## HYPERION THERAPEUTICS, INC.

### Ravicti Approved With favorable Label; New Patent Extends Life Cycle

• **Bottom Line:** HPTX announced on Friday, 2/1, that the FDA approved Ravicti for the treatment of Urea Cycle Disorders (UCD) in patients two years of age and older. The also announced it received a notice of allowance from the US Patent & Trademark Office of a patent application, which HPTX expects to list in the Orange Book when issued. Issuance of this new patent, which expires in March 2032 and potential near-term issuance of two additional patents covering methods of using Ravicti is a major upside surprise not reflected in our prior valuation. We are adjusting our model to reflect mgmt's comments on the Ravicti launch and are raising our fair value estimate to \$30 from \$18 previously. **Reiterate OP.**

• **Ravicti approved for chronic management of UCD in children age > 2 years without REMS.** We view the approved label as a positive, given FDA's prior concerns around potentially higher PAA exposure (the major metabolite of Ravicti) in pediatric patients. Recall, HPTX submitted a proposed REMS program with the NDA package which was intended to limit access to Ravicti only to patients aged 6 years and over until future label expansion. The approved label denotes only a few limitations of use including the lack of indication for the treatment of acute hyperammonemia, a statement that the safety and efficacy for the treatment of NAGS (N-Acetylglutamate Synthetase) deficiency has not been established and a contraindication for use in children less than two years of age.

• **Ravicti commercial launch by late April 2013.** HPTX has implemented a dedicated call center, which will serve as an integrated resource for Ravicti prescription, intake and distribution, reimbursement adjudication, patient financial support and ongoing compliance support. HPTX extended offers to the field sales team and account executives joining the company in mid-February and will target 80% of current Buphenyl prescribers. Ravicti's annual gross cost of therapy of \$250k-\$290k translates into an annual net revenue per patient of around \$205k-\$235k based on our estimates when factoring in discounts and Medicare rebates. Mgmt expects initially a 120-180 day coverage verification lag.

• **Future label extension to treat HE remains a source of significant upside.** HPTX is currently working on the final protocol including a validated endpoint measure and plans on obtaining special protocol assessment (SPA) for Phase III likely to be launched in 2014. Hepatic encephalopathy (HE) presents an upside market opportunity around \$500MM, in our estimation and we only account for a 35% sNDA approval probability in our current valuation which is conservative.

Dec Yr	1Q	2Q	3Q	4Q	FY Rev	1Q	2Q	3Q	4Q	FY EPS	P/E
2011A	0.0	0.0	0.0	0.0	0.0	--	--	--	--	(\$62.68)	NM
2012E	0.0A	0.0A	0.0A	0.0	0.0	(\$25.33)A	(\$15.26)A	(\$0.44)A	(\$0.32)	(\$4.05)	NM
2013E - New	0.0	0.0	\$11.5	\$15.3	\$26.7	(\$0.79)	(\$0.06)	(\$0.30)	(\$0.16)	(\$1.31)	NM
2013E - Old	\$19.7	\$21.1	\$23.1	\$24.5	\$88.3	(\$1.13)	\$0.23	\$0.30	\$0.31	(\$0.29)	NM
2014E - New	--	--	--	--	\$99.1	--	--	--	--	\$1.36	11.8x
2014E - Old	--	--	--	--	\$126.1	--	--	--	--	\$2.87	NM

Source: Company Information and Leerink Swann LLC Research  
Revenues in millions. Diluted EPS. HPTX completed an IPO on 7/31/12.



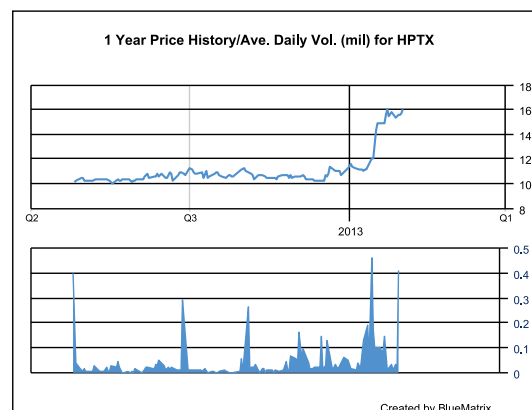
LEERINK SWANN

HEALTHCARE EQUITY RESEARCH

## Key Stats:

(NASDAQ:HPTX)

S&P 600 Health Care Index:	881.29
Price:	\$16.01
52 Week High:	\$16.48
52 Week Low:	\$9.95
Shares Outstanding (mil):	16.6
Market Capitalization (mil):	\$265.8
Book Value/Share:	\$0.00
Cash Per Share:	\$2.28
Dividend (ann):	\$0.00
Dividend Yield:	0.0%
Valuation:	\$30 from \$18 on DCF





## INVESTMENT THESIS

We believe that HPTX shares present an attractive opportunity to invest in the orphan drug business model and rate the stock Outperform. Lead agent Ravicti is in late-stage development for urea cycle disorders (UCD) and hepatic encephalopathy (HE), two rare diseases characterized by elevated levels of ammonia in the bloodstream, which can cause significant neurological complications. HPTX generated positive Phase III data for Ravicti in adult urea cycle disorder patients pursuant to a special protocol assessment (SPA) and has a PDUFA date of 1/23/13. HPTX has also completed Phase II trials for Ravicti in HE with an end-of-Phase II meeting planned in 4Q:12. Ravicti has a similar mechanism of action to MRX's FDA-approved Buphenyl, the use of which is constrained by a large dose burden, frequent (3-6 times/day) administration, unpleasant taste and smell, tolerability issues, and high sodium content. Easier patient compliance to Ravicti therapy may enable better disease management ultimately translating into fewer hyperammonemic (HA) crises relative to what is currently available with Buphenyl. The rate of HA crises with Ravicti was 40% lower than that seen for Buphenyl in the 12-month safety extension study following HPTX's pivotal Phase III trial. HPTX is led by seasoned orphan drug company executives who have stayed close to key physicians and patient support organizations who are expected to influence Ravicti uptake. HPTX expects to launch Ravicti in early 2013 with a field staff of 10 people and 10 individuals running back-office operations. We project that HPTX achieves breakeven by 2014 and generates peak sales around \$150MM in UCD in 2030. HPTX may influence the conversion and expansion of the UCD market since the company has the option to purchase worldwide rights to Buphenyl and Ammonul from MRX for \$22MM, which may be funded by drawing on a loan commitment from MRX. HE presents an upside market opportunity of around \$500MM, in our estimation. In contrast to SLXP's Xifaxan, which blocks nitrogen absorption in the gut for HE patients, Ravicti lowers ammonia systemically by increasing its clearance. Ravicti could thus potentially be complementary to currently approved agents that limit the local production of ammonia. HPTX completed a Phase II clinical study of similar design to the pivotal trial used to evaluate Xifaxan, the only therapy approved by the FDA for episodic HE within the last 30 years. Phase II data indicate that Ravicti may have superior efficacy compared to Xifaxan and may improve outcomes when given in combination.

• **Changes to model:** We are adjusting our estimates to account for the launch timing in late April and also assuming a 6-month reimbursement window until the first Ravicti sales will be recorded. We are now assuming generic Ravicti launch in 2031 vs. our prior assumption of 2020. We are also changing our assumptions for execution of the Buphenyl license option and now assume VRX will retain rights to Ammonul.

## VALUATION

Our 12-month fair value estimate for HPTX is \$30/share based on discounted cash flow (DCF) analysis. We assume a 12% discount rate and 5% terminal growth rate. We discount free cash flow until 2030E, when orphan drug exclusivity for Ravicti for treating UCD expires.

## RISKS TO VALUATION

The key risks to HPTX's valuation include the potential for disappointing clinical data, regulatory setbacks, and commercial and financial shortfalls. Since HPTX presently has only one late-stage product candidate, any of those possible setbacks may impact the stock significantly.

HPTX P&L (\$MM)	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E
Revenue	-	-	-	-	-	-	-	-	-	11.5	15.3	26.7	99.1	115.7
COGS	-	-	-	-	-	-	-	-	-	1.7	2.3	4.0	14.9	17.4
R&D	23.1	17.2	8.9	2.7	2.4	2.5	16.5	5.0	5.0	5.0	5.0	20.0	19.8	23.1
SG&A	3.5	8.9	2.3	2.0	2.4	2.5	9.2	8.0	8.5	9.0	10.0	35.5	39.1	41.0
Operating expenses	26.6	26.2	11.2	4.8	4.8	5.0	25.7	13.0	13.5	15.7	17.3	59.5	73.7	81.5
Operating income	(26.6)	(26.2)	(11.2)	(4.8)	(4.8)	(5.0)	(25.7)	(13.0)	(13.5)	(4.3)	(2.0)	(32.8)	25.3	34.2
Total other income (expense)	1.1	(3.3)	(0.7)	(2.4)	(0.2)	(0.2)	(3.5)	(0.2)	12.6	(0.7)	(0.7)	11.1	(2.6)	(1.0)
EBT	(25.5)	(29.4)	(11.9)	(7.2)	(4.9)	(5.2)	(29.2)	(13.2)	(0.9)	(4.9)	(2.7)	(21.7)	22.8	33.2
Tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(25.5)	(29.4)	(11.9)	(7.2)	(4.9)	(5.2)	(29.2)	(13.2)	(0.9)	(4.9)	(2.7)	(21.7)	22.8	33.2
<b>Diluted EPS</b>	<b>(61.70)</b>	<b>(62.68)</b>	<b>(25.33)</b>	<b>(15.26)</b>	<b>(0.44)</b>	<b>(0.32)</b>	<b>(4.05)</b>	<b>(0.79)</b>	<b>(0.06)</b>	<b>(0.30)</b>	<b>(0.16)</b>	<b>(1.31)</b>	<b>1.36</b>	<b>1.98</b>
Basic shares outstanding	0.4	0.5	0.5	0.5	11.3	16.6	7.2	16.6	16.6	16.6	16.6	16.6	16.7	16.8

HPTX BS	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E
Cash	6.6	7.0	3.7	7.3	56.5	51.5	51.5	39.4	39.6	35.8	34.3	34.3	62.9	102.5
Debt	-	23.4	30.7	40.5	12.0	10.0	10.0	10.0	32.0	32.0	32.0	32.0	32.0	-
Convertible notes	-	23.4	30.7	31.2	-	-	-	-	-	-	-	-	-	-
Venture debt	-	-	-	9.4	12.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	-
Ucyclyd loan	-	-	-	-	-	-	-	-	22.0	22.0	22.0	22.0	22.0	-

HPTX CFS	2010	2011	1Q12	2Q12	3Q12	4Q12E	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E
Change in cash	(3.5)	0.4	(3.3)	3.6	49.2	(5.0)	44.5	(12.1)	0.2	(3.8)	(1.5)	(17.3)	28.6	39.6
Cash from operations	(25.9)	(24.5)	(10.7)	(5.8)	(5.7)	(5.0)	(27.2)	(12.1)	0.2	(3.8)	(1.5)	(17.3)	28.6	39.6
Net Income	(25.5)	(29.4)	(11.9)	(7.2)	(4.9)	(5.2)	(29.2)	(13.2)	(0.9)	(4.9)	(2.7)	(21.7)	22.8	33.2
SOE	0.2	0.3	0.1	0.2	0.3	0.3	0.9	1.0	1.1	1.1	1.2	4.4	5.9	6.4
Other	(0.6)	4.5	1.1	1.1	(1.1)	-	1.1	-	-	-	-	-	-	-
Cash from investing	(0.0)	(0.0)	(0.1)	0.2	(0.0)	-	0.0	-	-	-	-	-	-	-
Option to purchase Buphenyl	-	-	(0.3)	-	-	-	(0.3)	-	-	-	-	-	-	-
Other	(0.0)	(0.0)	0.2	0.2	(0.0)	-	0.3	-	-	-	-	-	-	-
Cash from financing	22.4	25.0	7.6	9.2	55.0	-	71.7	-	-	-	-	-	-	-
Issuance (buyback) shares	22.5	-	(0.0)	0.1	53.4	-	53.5	-	-	-	-	-	-	-
Issuance (repay) debt	-	25.0	7.5	10.0	2.5	-	20.0	-	-	-	-	-	-	-
Other	(0.0)	-	0.1	(0.9)	(0.9)	-	(1.7)	-	-	-	-	-	-	-

Source: SEC filings and Leerink Swann Estimates

UCD Scenario 1: Ravicti approved in UCD only	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Total US pts diagnosed	1,000	1,002	1,004	1,006	1,009	1,005	1,014	1,022	1,031	1,040	1,049	1,058	1,067
Total untreated pts	575	576	577	579	580	578	583	588	593	598	603	608	613
patients < age 6	161	161	162	162	162	162	163	165	166	167	169	170	172
patients age 6-17	184	184	185	185	186	185	187	188	190	191	193	195	196
adults	230	230	231	231	232	231	233	235	237	239	241	243	245
Total Buphenyl treated pts	425	426	427	428	429	427	431	435	438	442	446	450	453
patients < age 6	119	119	120	120	120	120	121	122	123	124	125	126	127
patients age 6-17	136	136	137	137	137	137	138	139	140	141	143	144	145
adults	170	170	171	171	171	171	172	174	175	177	178	180	181
Untreated pts on Ravicti	-	-	-	-	12	3	58	88	119	120	121	122	123
penetration, patients < age 6	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
penetration, patients age 6-17	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
penetration, adults	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
Prior Buphenyl treated pts on Ravicti	-	-	-	21	43	16	302	391	438	442	446	450	453
penetration, patients < age 6	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
penetration, patients age 6-17	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
penetration, adults	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
Total Ravicti pts	-	-	-	21	54	19	360	479	557	562	566	571	576
Avg cost/pt(\$mm)	-	0.058	0.058	0.058	0.058	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.230
<b>Ravicti US sales in UCD (\$MM)</b>	-	-	-	1	3	4	83	110	128	129	130	131	132

Buphenyl Model Private Payors	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Patients on Buphenyl	425	426	427	406	386	411	129	43	-	-	-	-	-
Branded Buphenyl market private payor	40%	40%	40%	40%	40%	40%	40%	40%	40%	10%	0%	0%	0%
Avg cost/pt	0.056	0.058	0.058	0.058	0.058	0.230	0.230	0.230	0.230	0.230	0.230	0.230	0.230
<b>Buphenyl US sales in UCD (\$MM)</b>	10	10	10	9	9	38	12	4	-	-	-	-	-

Buphenyl Model Medicare/Medicaid	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Patients on Buphenyl	425	426	427	406	386	411	129	43	-	-	-	-	-
Branded Buphenyl market public payor	60%	60%	60%	60%	60%	60%	60%	60%	60%	10%	0%	0%	0%
Avg cost/pt	0.056	0.014	0.014	0.014	0.014	0.056	0.056	0.056	0.056	0.056	0.056	0.056	0.056
<b>Buphenyl US sales in UCD (\$MM)</b>	14	4	4	3	3	14	4	1	-	-	-	-	-

<b>Total Buphenyl US sales (\$MM)</b>	24	13	13	13	12	52	16	5	-	-	-	-	-
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<b>Total sales Ravicti + Buphenyl</b>	33	-	-	11	15	27	99	116	128	129	130	131	132
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Source: SEC filings and Leerink Swann Estimates

UCD Scenario 2: Ravicti approved in HE	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Total US UCD pts diagnosed	1,000	1,002	1,004	1,006	1,009	1,005	1,014	1,022	1,031	1,040	1,049	1,058	1,067
Total untreated pts	575	576	577	579	580	578	583	588	593	598	603	608	613
patients < age 6	161	161	162	162	162	162	163	165	166	167	169	170	172
patients age 6-17	184	184	185	185	186	185	187	188	190	191	193	195	196
adults	230	230	231	231	232	231	233	235	237	239	241	243	245
Total Buphenyl treated pts	425	426	427	428	429	427	431	435	438	442	446	450	453
patients < age 6	119	119	120	120	120	120	121	122	123	124	125	126	127
patients age 6-17	136	136	137	137	137	137	138	139	140	141	143	144	145
adults	170	170	171	171	171	171	172	174	175	177	178	180	181
Untreated pts on Ravicti	-	-	-	-	12	3	58	88	119	120	121	122	123
penetration, patients < age 6	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
penetration, patients age 6-17	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
penetration, adults	0%	0%	0%	0%	2%	1%	10%	15%	20%	20%	20%	20%	20%
Prior Buphenyl treated pts on Ravicti	-	-	-	21	43	16	302	391	438	442	446	450	453
penetration, patients < age 6	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
penetration, patients age 6-17	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
penetration, adults	0%	0%	0%	5%	10%	4%	70%	90%	100%	100%	100%	100%	100%
Total Ravicti pts	-	-	-	21	54	19	360	479	557	562	566	571	576
Avg cost/pt(\$mm)	-	0.058	0.058	0.058	0.058	0.230	0.230	0.230	0.230	0.070	0.070	0.070	0.070
Ravicti US sales in UCD (\$MM)	-	-	-	1	3	4	83	110	128	39	40	40	40

Buphenyl Model Private Payors	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Patients on Buphenyl	425	426	427	406	386	411	129	43	-	-	-	-	-
Branded Buphenyl market private payor	40%	40%	40%	40%	40%	40%	40%	40%	40%	10%	0%	0%	0%
Avg cost/pt	0.056	0.058	0.058	0.058	0.058	0.230	0.230	0.230	0.230	0.070	0.070	0.070	0.070
Buphenyl US sales in UCD (\$MM)	10	10	10	9	9	38	12	4	-	-	-	-	-

Buphenyl Model Medicare/Medicaid	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Patients on Buphenyl	425	426	427	406	386	411	129	43	-	-	-	-	-
Branded Buphenyl market public payor	60%	60%	60%	60%	60%	60%	60%	60%	60%	10%	0%	0%	0%
Avg cost/pt	0.056	0.014	0.014	0.014	0.014	0.056	0.056	0.056	0.056	0.056	0.056	0.056	0.056
Buphenyl US sales in UCD (\$MM)	14	4	4	3	3	14	4	1	-	-	-	-	-

Total Buphenyl US sales (\$MM)	24	13	13	13	12	52	16	5	-	-	-	-	-
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Ravicti for HE	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Total US HE pts diagnosed	140,000	140,297	140,594	140,892	141,190	140,743	141,939	143,146	144,363	145,590	146,827	148,075	149,334
Total severe HE patients	28,000	28,059	28,119	28,178	28,238	28,149	28,388	28,629	28,873	29,118	29,365	29,615	29,867
% severe HE patients	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
% Ravicti patients	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	10%	15%	25%
Ravicti pts in HE	-	-	-	-	-	-	-	-	-	1,456	2,937	4,442	7,467
Avg cost/pt(\$mm)	-	-	-	-	-	-	-	-	-	0.070	0.070	0.070	0.070
Ravicti US sales in HE (\$MM)	-	-	-	-	-	-	-	-	-	102	206	311	523

Total sales Ravicti + Buphenyl	33	-	-	11	15	27	99	116	128	141	245	351	563
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Source: SEC filings and Leerink Swann Estimates

HPTX DCF (Scenario 1)	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	TV
FCF	(17)	29	40	52	38	40	40	41	50	50	51	51	52	52	52	53	53	54	11	
Discount periods	-	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	
NPV	(17)	26	32	37	24	23	20	18	20	18	16	15	13	12	11	10	9	8	1	21
Valuation	316																			

Discount Rate	12%
Terminal Growth	5%

Valuation	Valuation	per shr	Probability	P/W
Scenario 1, Ravicti approved for UCD only	316	\$ 16	65%	206
Scenario 2, Ravicti approved for UCD and HE	944	\$ 48	35%	330
Blended Valuation				536
Net cash				44.6
Diluted Shares Outstanding				19.5
Per share valuation				\$ 30

Source: SEC filings and Leerink Swann Estimates

Hyperion Therapeutics, Inc. (HPTX) Expected Milestones			Timing
Ravicti	UCD	Data presentations at ACMC	Mar-13
Buphenyl		Expiration Ammunol/Buphenyl licensing option period	5/2/2013
Ammunol		Expiration MRX/VRX right to retain Ammunol	5/22/2013
Ravicti		2 addl. patent allowances	2013
Ravicti	HE	Phase III initiation	2014
Ravicti	HE	Phase III data	2015
Ravicti	HE	sNDA filing	2016
Ravicti	HE	sNDA approval	2017

*Source: Company reports, Leerink Swann LLC estimates*



## Disclosures Appendix

### Analyst Certification

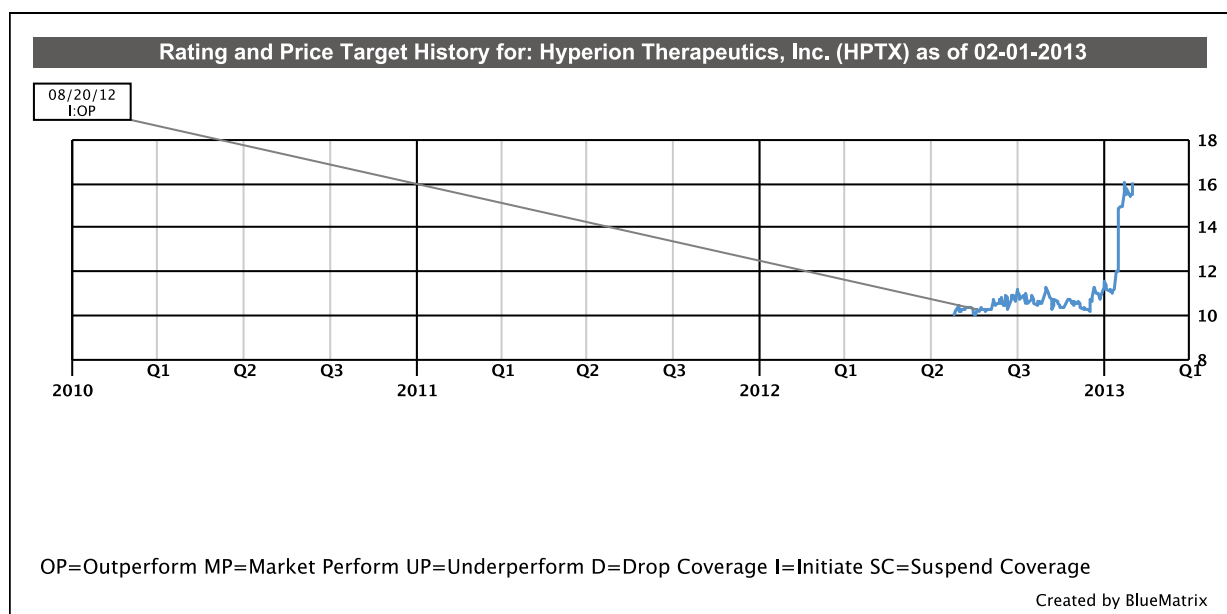
I, Joseph P. Schwartz, certify that the views expressed in this report accurately reflect my views and that no part of my compensation was, is, or will be directly related to the specific recommendation or views contained in this report.

### Valuation

Our 12-month fair value estimate for HPTX is \$30/share based on discounted cash flow (DCF) analysis. We assume a 12% discount rate and 5% terminal growth rate. We discount free cash flow until 2030E, when orphan drug exclusivity for Ravicti for treating UCD expires.

### Risks to Valuation

The key risks to HPTX's valuation include the potential for disappointing clinical data, regulatory setbacks, and commercial and financial shortfalls. Since HPTX presently has only one late-stage product candidate, any of those possible setbacks may impact the stock significantly.







Distribution of Ratings/Investment Banking Services (IB) as of 12/31/12				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OP]	105	61.76	32	30.48
HOLD [MP]	64	37.65	2	3.12
SELL [UP]	1	0.59	0	0.00

## Explanation of Ratings

**Outperform (Buy):** We expect this stock to outperform its benchmark over the next 12 months.

**Market Perform (Hold/Neutral):** We expect this stock to perform in line with its benchmark over the next 12 months.

**Underperform (Sell):** We expect this stock to underperform its benchmark over the next 12 months. The degree of outperformance or underperformance required to warrant an Outperform or an Underperform rating should be commensurate with the risk profile of the company.

For the purposes of these definitions the relevant benchmark will be the S&P 600® Health Care Index for issuers with a market capitalization of less than \$2 billion and the S&P 500® Health Care Index for issuers with a market capitalization over \$2 billion.

From October 1, 2006 through January 8, 2009, the relevant benchmarks for the above definitions were the Russell 2000® Health Care Index for issuers with a market capitalization of less than \$2 billion and the S&P 500® Health Care Index for issuers with a market capitalization over \$2 billion.

Definitions of Leerink Swann Ratings prior to October 1, 2006 are shown below:

**Outperform (Buy):** We expect this stock to outperform its benchmark by more than 10 percentage points over the next 12 months.

**Market Perform (Hold/Neutral):** We expect this stock to perform within a range of plus or minus 10 percentage points of its benchmark over the next 12 months.

**Underperform (Sell):** We expect this stock to underperform its benchmark by more than 10 percentage points over the next 12 months.

For the purposes of these definitions, the relevant benchmark were the Russell 2000® Health Care Index for issuers with a market capitalization of less than \$2 billion and the S&P 500® Index for issuers with a market capitalization over \$2 billion.



## Important Disclosures

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Like all Firm employees, analysts receive compensation that is impacted by, among other factors, overall firm profitability, which includes revenues from, among other business units, the Private Client Division, Institutional Equities, and Investment Banking. Analysts, however, are not compensated for a specific investment banking services transaction.

Leerink Swann Consulting LLC, an affiliate of Leerink Swann LLC, is a provider of evidence-based strategy and consulting to the healthcare industry.

In the past 12 months, the Firm has received compensation for providing investment banking services to Hyperion Therapeutics, Inc.

Leerink Swann LLC makes a market in Hyperion Therapeutics, Inc.

Leerink Swann LLC has acted as the manager for a public offering of Hyperion Therapeutics, Inc. in the past 12 months.

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Leerink Swann LLC Equity Research			
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<b>Director of Equity Research</b>	<b>John L. Sullivan, CFA</b>	(617) 918-4875	john.sullivan@leerink.com
<b>Associate Director of Research</b>	<b>Alice C. Avanian, CFA</b>	(617) 918-4544	alice.avanian@leerink.com
<b>Healthcare Strategy</b>	<b>John L. Sullivan, CFA</b>	(617) 918-4875	john.sullivan@leerink.com
	<b>Alice C. Avanian, CFA</b>	(617) 918-4544	alice.avanian@leerink.com
<b>Biotechnology</b>	<b>Howard Liang, Ph.D.</b>	(617) 918-4857	howard.liang@leerink.com
	<b>Joseph P. Schwartz</b>	(617) 918-4575	joseph.schwartz@leerink.com
	<b>Marko Kozul, M.D.</b>	(415) 905-7221	marko.kozul@leerink.com
	<b>Michael Schmidt, Ph.D.</b>	(617) 918-4588	michael.schmidt@leerink.com
	Irene Lau	(415) 905-7256	irene.lau@leerink.com
	Rene Shen	(212) 277-6074	rene.shen@leerink.com
	Gena Wang, Ph.D.	(212) 277-6073	gena.wang@leerink.com
<b>Life Science Tools and Diagnostics</b>	<b>Dan Leonard</b>	(212) 277-6116	dan.leonard@leerink.com
	<b>John L. Sullivan, CFA</b>	(617) 918-4875	john.sullivan@leerink.com
	Justin Bowers, CFA	(212) 277-6066	justin.bowers@leerink.com
<b>Pharmaceuticals/Major</b>	<b>Seamus Fernandez</b>	(617) 918-4011	seamus.fernandez@leerink.com
	Swati Kumar	(617) 918-4576	swati.kumar@leerink.com
<b>Specialty Pharmaceuticals, Generics</b>	<b>Jason M. Gerberry, JD</b>	(617) 918-4549	jason.gerberry@leerink.com
	Christopher W. Kuehnle, JD	(617) 918-4851	chris.kuehnle@leerink.com
<b>Medical Devices, Cardiology &amp; Orthopedics</b>	<b>Danielle Antalffy</b>	(212) 277-6044	danielle.antalffy@leerink.com
	<b>Richard Newitter</b>	(212) 277-6088	richard.newitter@leerink.com
	Robert Marcus, CFA	(212) 277-6084	robert.marcus@leerink.com
	Kathleen McGrath	(212) 277-6020	kathleen.mcgrath@leerink.com
<b>Healthcare Services</b>	<b>Jason Gurda, CFA</b>	(212) 277-6023	jason.gurda@leerink.com
	Jason Twizell	(212) 277-6049	jason.twizell@leerink.com
	George Villarina	(212) 277-6012	george.villarina@leerink.com
<b>Healthcare Technology &amp; Distribution</b>	<b>David Larsen, CFA</b>	(617) 918-4502	david.larsen@leerink.com
	Christopher Abbott	(617) 918-4010	chris.abbott@leerink.com
<b>Sr. Editor/Supervisory Analyst</b>	<b>Mary Ellen Eagan, CFA</b>	(617) 918-4837	maryellen.eagan@leerink.com
Supervisory Analysts	Robert Egan		bob.egan@leerink.com
	Amy N. Sonne		amy.sonne@leerink.com
Research Assistant	Paul Matteis	(617) 918-4585	paul.matteis@leerink.com

**New York**  
1251 Avenue of Americas, 22<sup>nd</sup> Floor  
New York, NY 10020  
(888) 347-2342

**Boston**  
**One Federal Street, 37<sup>th</sup> Floor**  
**Boston, MA 02110**  
**(800) 808-7525**

**San Francisco**  
201 Spear Street, 16<sup>th</sup> Floor  
San Francisco, CA 94105  
(800) 778-1164