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Morgan Stanley & Co. LLC

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May 16, 2013

Stock Rating  
**Overweight**

Industry View  
**In-Line**

## Tesaro Inc. Niraparib Looking Good

**Impact on our views:** Updated data in the ASCO abstract from Tesaro's Phase I dose escalation trial of the PARP inhibitor niraparib is generally consistent with the efficacy and safety profile established in prior data for niraparib and supports Phase III development in platinum sensitive ovarian cancer and germline BRCA+ breast cancer.

**Data support Phase III focus on platinum sensitive ovarian.** A 60%/33% response rate in platinum sensitive/resistant BRCA+ ovarian and 66%/15% in platinum sensitive/resistant patients with non-germline defects in DNA repair (i.e., somatic BRCA loss or possibly other mutations such as PTEN) support the clinical rationale of PARP inhibition in platinum sensitive patients with inherited or sporadic defects in DNA repair.

**Efficacy in BRCA+ tumors.** A 45% (9/20) response rate in BRCA+ ovarian by RECIST criteria and/or CA125 biomarker compares with a 37% (7/19) response rate in BRCA+ ovarian (we assume by RECIST) in the prior data cut (ASCO '11). The new data look nominally similar as an apparent 1-2 additional responses by CA125 carry less clinical weight in our view.

**Debate to evolve on efficacy differentiation for PARP inhibitors at ASCO.** Phase I dose escalation data for BioMarin's BMN-673 yielded a 65% (11/17) response rate in BRCA+ ovarian comprising an unknown mix of RECIST and CA125 responses making cross-PARP comparisons challenging ahead of potential clarity at ASCO. BMN-673's 33% (2/6) objective response rate in BRCA+ breast looks in line with niraparib's 50% (2/4) at first blush as numbers are too small to draw a different conclusion. Clovis' rucaparib yielded 1/7 PRs in ovarian (PR was BRCA+) and 1/17 PRs in breast (PR was BRCA+), but BRCA status in the non-responders is a key unknown again limiting comparisons for now. Supporting the PARP class' potential on longer-term outcomes in BRCA+, Astra's olaparib showed an OS trend (HR = 0.74) vs placebo in a subgroup of germline and sporadic BRCA+ ovarian cancer, though powering on OS was limited.

### Key Ratios and Statistics

Reuters: TSRO.O Bloomberg: TSRO US

Biotechnology / United States of America

Shr price, close (May 15, 2013)	\$31.45
Mkt cap, curr (mm)	\$841
52-Week Range	\$31.45-11.05

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(as of April 30, 2013)

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	Count	% of Total	Count	Total IBC	% of Rating Category
<b>Overweight/Buy</b>	<b>1034</b>	<b>36%</b>	<b>399</b>	<b>39%</b>	<b>39%</b>
<b>Equal-weight/Hold</b>	<b>1250</b>	<b>44%</b>	<b>479</b>	<b>47%</b>	<b>38%</b>
<b>Not-Rated/Hold</b>	<b>105</b>	<b>4%</b>	<b>27</b>	<b>3%</b>	<b>26%</b>
<b>Underweight/Sell</b>	<b>473</b>	<b>17%</b>	<b>123</b>	<b>12%</b>	<b>26%</b>
<b>Total</b>	<b>2,862</b>		<b>1028</b>		

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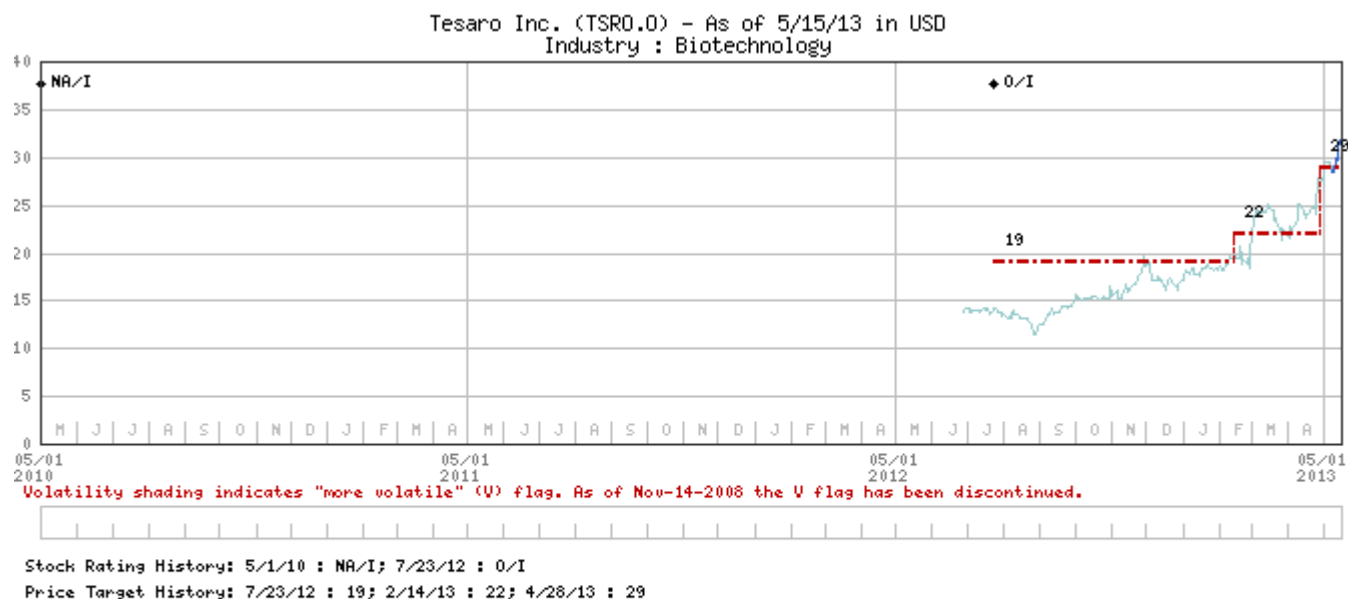
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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

## Stock Price, Price Target and Rating History (See Rating Definitions)

May 16, 2013

Tesaro Inc.



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## Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (05/15/2013)
<b>David Friedman, M.D.</b>		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$25.43
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$105.21
Auxilium Pharmaceuticals (AUXL.O)	E (05/03/2013)	\$15.14
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$20.25
Cubist Pharmaceuticals Inc. (CBST.O)	O (10/03/2012)	\$48.55
Elan Corporation PLC (ELN.N)	++	\$11.49
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$3.66
Incyte Corporation (INCY.O)	U (01/23/2013)	\$23.83
InterMune (ITMN.O)	E (09/07/2010)	\$10.39
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$15.07
Lexicon Pharmaceuticals, Inc. (LXRX.O)	E (09/07/2010)	\$2.19
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$14.27
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$39.76
Theravance Inc (THRX.O)	++	\$40.89
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$79.42
XenoPort Inc (XNPT.O)	E (08/26/2011)	\$6.55
<b>Yigal Nochomovitz, Ph.D.</b>		
Immunogen Inc. (IMGN.O)	E (11/13/2012)	\$16.42
Infinity Pharmaceuticals Inc (INFI.O)	O (02/19/2013)	\$31.44
Pharmacyclics Inc. (PCYC.O)	E (03/19/2013)	\$84.16
Tesaro Inc. (TSRO.O)	O (07/23/2012)	\$31.45
<b>Sara Slifka</b>		
Neurocrine Biosciences Inc (NBIX.O)	O (10/03/2012)	\$12.26
Optimer Pharmaceuticals (OPTR.O)	U (10/03/2012)	\$16.18

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\* Historical prices are not split adjusted.