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Stock Rating
Overweight

Industry View
In-Line

February 17, 2014

Quintiles

Industry leader Set to Outperform in 2014

What's Changed

Price Target **\$52.00 to \$62.00**

The power of Quintiles franchise comes thru in 2014 guidance as scale, expertise & geographic reach translate to deepening biopharma partnerships & wins across diversified customer base. We reiterate Q as our favorite name in the CRO group and up our PT to \$62. See our updated model on pgs 3-5.

Topline guidance of \$4.09 billion to \$4.15 billion (up 7.4%-9.0% y/y or 8.5-10% y/y organic ex-Novella and contract headwinds). Above-market topline growth reflects a combination of greater outsourcing and increased client interest in integrated solutions where Q provides a breadth of services spanning from early to late stage work. Book-to-bill ratio for 4Q was ~1.29 (PD at 1.24 and IHS at 1.47), above the historic average of ~1.23 with bookings balanced across a mix of top 20 biopharma, as well as mid size and smaller players. PD pipeline is at highest level in 12 quarters and IHS pipeline grew significantly y/y as well.

Margin outlook continues to be stable. With product development margins likely flatish y/y and margin expansion opportunities in IHS. We model PD EBIT margin of 19.3% (flat y/y), IHS of 5.3% (+60 bps y/y) and consolidated EBIT margin of 13.5% (up +25 bps y/y) benefitting from continued execution and modest SG&A leverage of 10 bps at the segment level.

Capital deployment a source of upside. Guidance includes no benefit from share repurchases (\$60 million under current authorization which could add ~1% upside) or from tuck-in acquisitions, which could add 2-3% to topline and EPS by our estimates.

Model updates. We model '14/'15 EPS of \$2.45/\$2.75 up from prior \$2.31/\$2.60 and cons' \$2.40/\$2.73. Our PT of \$62 is based on 22.5x our '15 EPS.

Key Ratios and Statistics

Reuters: Q.N Bloomberg: Q US

Healthcare Services & Distribution / United States of America

Price target	\$62.00
Shr price, close (Feb 14, 2014)	\$53.15
Mkt cap, curr (mm)	\$7,083
52-Week Range	\$53.16-40.17

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

February 17, 2014

Quintiles

Risk-Reward Snapshot: Quintiles (Q, \$53.15, OW PT \$62)

Risk-Reward View: Strength in Late Stage Trials is Driver of Upside



Source: Thomson Reuters, Company Data, Morgan Stanley Research estimates

Price Target \$62			We arrive at our PT of \$62 using 22.5x our 2015 EPS of \$2.75. We base our P/E multiple on the 2-yr avg forward P/E multiple of Covance (CVD), which is the most comparable publicly traded peer to Q.
Bull Case	22.5x Bull Case 14e EPS of \$3.20		Product Development revenue growth accelerates to 12.6% y/y in 2014 and 10.0% y/y in 2015 as Quintiles gains share at a faster pace due to its geographic presence and ability to service more complex trials. Product Development margins expand by 100 bps to 20.3% in 2014 and by 30 bps to 20.6% in 2015. IHS growth outlook is more optimistic, up 5.5% in 2014 and up 6.0% in 2015. IHS margins expand by 160 bps to 6.3% in 2014 and expand by 60 bps to 6.9% in 2014.
Base Case	22.5x Base Case 15e EPS of \$2.75		Product Development revenues grow 9.6% y/y in 2014 and 8.0% in 2014 as Quintiles continues to gain share in the clinical outsourcing market. Product Development margins decline remain stable at 19.3% in 2014 and rise by 30 bps to 19.6% in 2015. IHS revenues grow 3.5% y/y in 2014 and 4.0% y/y 2015. IHS margins improve by 60 bps to 5.3% in 2014 and another 60 bps to 5.9% in 2015.
Bear Case	18.0x Bear Case 14e EPS of \$2.47		Product Development revenue growth of 7.6% y/y in 2014 and 6.0% y/y in 2014 as Quintiles growth is more in-line with market growth. Product Development margins decline by 60 bps to 18.7% in 2014 and rise by 30 bps to 19.0% in 2015. IHS revenues grow 1.5% in 2015 and 2.0% in 2015. Modes margin expansion of 10 bps in 2014 to 4.8% and 30 bps in 2015 to 5.2%.

Why Overweight?

- A bellwether in the CRO space
- Positioned to benefit as biopharmaceutical companies increasingly outsource drug development work
- Strong backlog and diversified customer base provides relative visibility
- We forecast 16.4% EPS growth in 2014 and 12.3% in '15.

Key Levers in the Model

- **Product Development**
Sales Growth – ~2.0% increase in 2014 growth rates results in ~\$0.04 increase in EPS
Margins – ~50 bps of gross/ op margin expansion in 2014 would result in an additional ~\$0.08 increase in EPS
- **Integrated Healthcare Services**
Sales Growth – ~2.0% increase in 2014 growth rates results in a ~\$0.01 increase in EPS
Margins – ~50 bps of gross / operating margin expansion in 2014 would result in a ~\$0.02 increase in EPS

Key Potential Catalysts

- Strategic partnerships with large pharma (+)
- Quarterly results with focus on backlog growth (+)
- Pharma consolidation (-)
- Tuck-in acquisitions (+)

Risks to our Price Target

- R&D market growth remains flat
- Project cancellations
- Quintiles loses share to competitors
- Strategic deals lead to pricing pressure and margin deterioration
- High private equity ownership of shares at ~49%

February 17, 2014

Quintiles

Exhibit 1

Q Income Statement, 2011A-2016E

INCOME STATEMENT (In millions, except per share)	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
			1QA	2QA	3QA	4QA		1QE	2QE	3QE	4QE			
Product Development Revenue	2,437.8	2,728.7	706.3	724.2	714.2	775.0	2,919.7	780.5	800.2	789.2	829.3	3,199.2	3,455.1	3,731.5
Integrated Healthcare Services Revenue	857.1	963.6	221.1	220.1	218.5	228.9	888.6	227.8	226.7	227.2	238.1	919.7	956.5	1,004.4
Service Revenues	3,295.0	3,692.3	927.4	944.2	932.7	1,003.9	3,808.3	1,008.2	1,026.9	1,016.5	1,067.3	4,118.9	4,411.6	4,735.9
COGS	2,153.0	2,459.4	611.1	617.7	600.7	642.0	2,471.4	660.4	668.1	651.3	680.1	2,659.9	2,834.9	3,030.0
Gross profit	1,142.0	1,232.9	316.3	326.6	332.0	362.0	1,336.9	347.9	358.7	365.2	387.2	1,459.0	1,576.8	1,705.9
Selling, general and administrative expenses	762.3	817.8	199.3	228.8	199.6	232.8	860.5	218.9	222.4	221.9	241.2	904.4	959.1	1,021.6
Income from operations before restructuring and impairment charges	379.7	415.2	117.0	97.7	132.5	129.2	476.4	129.0	136.4	143.2	146.0	554.6	617.6	684.3
Restructuring costs	22.1	18.7	1.9	2.8	7.2	2.2	14.1	3.3	3.3	3.3	3.3	13.0	-	-
Impairment charges and other	12.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from operations	345.3	396.4	115.2	94.9	125.3	127.0	462.3	125.7	133.1	140.0	142.8	541.6	617.6	684.3
Interest expense, net	105.1	131.3	35.6	31.1	27.6	25.2	119.6	22.9	22.9	22.9	22.6	91.3	88.9	86.1
Loss on extinguishment of debt	46.4	1.3	-	16.5	-	3.3	19.8	-	-	-	-	-	-	-
Other (income) expense, net	9.1	(3.6)	(2.4)	0.5	3.2	(1.6)	(0.2)	-	-	-	-	-	-	-
Income before income taxes and equity in earnings of unconsolidated affiliates	184.7	267.4	82.0	46.7	94.4	100.0	323.1	102.8	110.2	117.1	120.1	450.3	528.7	598.2
Income tax expense	15.1	93.4	32.1	8.8	27.5	27.6	96.0	30.9	33.1	35.1	36.0	135.1	158.6	179.5
Income before equity in earnings of unconsolidated affiliates	169.6	174.1	49.8	37.9	66.9	72.5	227.2	72.0	77.1	82.0	84.1	315.2	370.1	418.7
Equity in earnings of unconsolidated affiliates	70.8	2.6	(1.7)	0.5	(0.4)	0.5	(1.1)	0.3	0.3	0.3	0.3	1.0	1.0	1.0
GAAP Net Income	240.3	176.6	48.16	38.4	66.6	72.9	226.0	72.2	77.4	82.2	84.3	316.2	371.1	419.7
Net loss (income) attributable to NCI	1.4	0.9	0.2	0.2	0.2	0.1	0.6	0.3	0.3	0.3	0.3	1.1	1.1	1.1
Net Income attributable to Quintiles (GAAP)	241.8	177.5	48.3	38.5	66.8	73.0	226.6	72.5	77.7	82.5	84.6	317.3	372.2	420.8
Non-GAAP Net Income	191.0	208.9	57.6	62.9	71.9	76.5	268.9	75.3	80.5	85.3	87.4	328.6	372.2	420.8
EPS (Non-GAAP)	\$1.62	\$1.77	\$0.49	\$0.50	\$0.54	\$0.58	\$2.10	\$0.56	\$0.60	\$0.64	\$0.65	\$2.45	\$2.75	\$3.08
EPS (GAAP)	\$2.05	\$1.51	\$0.41	\$0.30	\$0.50	\$0.55	\$1.77	\$0.54	\$0.58	\$0.61	\$0.63	\$2.36	\$2.75	\$3.08
Diluted wtd. avg. shares	117.9	117.8	118.7	126.6	133.3	132.9	127.9	133.9	134.1	134.4	134.6	134.2	135.4	136.4
Margins														
Gross profit	34.7%	33.4%	34.1%	34.6%	35.6%	36.1%	35.1%	34.5%	34.9%	35.9%	36.3%	35.4%	35.7%	36.0%
Adj. EBIT	12.1%	12.1%	12.8%	13.1%	14.2%	12.9%	13.2%	12.8%	13.3%	14.1%	13.7%	13.5%	14.0%	14.4%
Tax rate	8.2%	34.9%	39.2%	18.9%	29.1%	27.5%	29.7%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Y/Y Growth														
Revenues	7.6%	12.1%	4.4%	-0.1%	2.1%	6.2%	3.1%	8.7%	8.8%	9.0%	6.3%	8.2%	7.1%	7.3%
Gross profit	2.0%	8.0%	6.3%	3.1%	10.1%	14.1%	8.4%	10.0%	9.9%	10.0%	7.0%	9.1%	8.1%	8.2%
Adj. EBIT	5.3%	11.8%	11.3%	8.4%	20.4%	12.8%	13.2%	9.0%	9.9%	8.1%	13.0%	10.0%	11.4%	10.8%
Adj. EPS	18.1%	9.5%	9.5%	4.7%	20.8%	40.7%	18.6%	16.0%	20.7%	17.6%	12.9%	16.4%	12.3%	12.2%

Source: Company Data, Morgan Stanley Research estimates

February 17, 2014
Quintiles

Exhibit 2

Q Balance Sheet, 2011A-2016E

BALANCE SHEET (In millions, except per share)	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
			1QA	2QA	3QA	4QA		1QE	2QE	3QE	4QE			
Current Assets:														
Cash and cash equivalents	516.3	567.7	454.3	585.7	609.7	778.1	778.1	731.6	748.6	930.6	1,100.1	1,100.1	1,498.7	1,938.5
Restricted cash	3.0	2.8	3.9	2.3	3.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Trade accounts receivable and unbilled services, net	691.0	745.4	779.3	867.2	895.3	924.2	924.2	847.2	943.1	975.7	982.6	982.6	1,052.4	1,129.8
Deferred income taxes	46.7	69.0	67.2	65.4	69.6	92.1	92.1	92.1	92.1	92.1	92.1	92.1	92.1	92.1
Prepaid expenses	31.3	33.4	41.3	48.6	42.1	42.8	42.8	21.8	39.9	29.7	49.0	49.0	66.5	86.0
Income taxes receivable	25.5	17.6	20.7	26.5	16.4	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Other current assets and receivables	51.7	74.1	72.8	78.1	80.8	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5
Total current assets	1,365.5	1,510.0	1,439.5	1,673.9	1,717.2	1,945.7	1,945.7	1,801.2	1,932.2	2,136.6	2,332.2	2,332.2	2,818.2	3,354.8
Property and equipment, net	185.8	194.0	190.2	196.7	197.4	199.6	199.6	197.5	195.1	192.0	189.7	189.7	182.6	184.5
Intangibles and other assets:														
Investments in debt, equity, and other securities	22.1	36.0	35.9	35.9	38.1	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3
Investments in and advances to unconsolidated affiliates	11.8	19.1	21.6	22.2	23.3	22.9	22.9	23.2	23.4	23.7	23.9	23.9	24.9	25.9
Goodwill	278.0	302.4	297.6	295.3	412.5	409.6	409.6	409.6	409.6	409.6	409.6	409.6	409.6	409.6
Other identifiable intangibles, net	269.4	272.8	274.0	271.7	310.2	298.1	298.1	298.1	298.1	298.1	298.1	298.1	298.1	298.1
Deferred income taxes	78.2	37.3	32.4	41.1	32.4	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Deposits and other assets	112.1	127.5	135.5	111.3	110.9	117.7	117.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7
Total Assets	2,322.9	2,499.2	2,426.7	2,648.2	2,842.0	3,066.8	3,066.8	2,914.4	3,043.3	3,244.9	3,438.4	3,438.4	3,918.3	4,457.8
Current Liabilities:														
Accounts payable and accrued expenses	686.9	751.8	671.4	708.6	758.6	861.8	861.8	677.1	717.4	774.7	863.1	863.1	919.7	982.8
Unearned income	398.5	456.6	454.1	459.6	511.0	538.6	538.6	493.7	499.8	556.9	572.6	572.6	613.3	658.4
Income taxes payable	47.0	9.6	17.1	27.6	25.9	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8
CP of LTD and obligations held under capital leases	20.1	55.7	34.7	0.1	4.1	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Other current liabilities	39.6	44.2	44.6	42.8	34.8	35.6	35.6	35.6	35.6	35.6	35.6	35.6	35.6	35.6
Total current liabilities	1,192.1	1,318.0	1,222.0	1,238.7	1,334.4	1,482.2	1,482.2	1,252.6	1,299.1	1,413.4	1,517.6	1,517.6	1,614.8	1,723.0
Long-term liabilities:														
Long-term debt and obligations held under capital leases, less current portion	1,951.7	2,366.3	2,354.8	2,045.1	2,042.0	2,035.6	2,035.6	2,034.4	2,033.3	2,032.2	2,031.0	2,031.0	2,016.1	2,001.3
Deferred income taxes	9.9	11.6	16.0	8.4	16.6	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5
Other liabilities	138.8	162.3	156.2	153.8	161.0	178.9	178.9	178.9	178.9	178.9	178.9	178.9	178.9	178.9
Total liabilities	3,292.5	3,858.2	3,749.0	3,446.1	3,554.0	3,734.3	3,734.3	3,503.5	3,548.8	3,662.0	3,765.0	3,765.0	3,847.4	3,940.8
Shareholders' deficit:														
Common stock	1.2	4.6	9.2	505.1	510.1	478.1	478.1	478.1	478.1	478.1	478.1	478.1	478.1	478.1
Accumulated deficit	(994.4)	(1,371.8)	(1,323.5)	(1,284.9)	(1,218.2)	(1,145.2)	(1,145.2)	(1,066.8)	(983.2)	(894.8)	(804.3)	(804.3)	(406.8)	39.4
Accumulated other comprehensive income	22.9	7.7	(8.4)	(18.2)	(3.9)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Deficit attributable to Quintiles' shareholders	(970.4)	(1,359.5)	(1,322.6)	(798.1)	(712.0)	(667.4)	(667.4)	(589.0)	(505.4)	(417.0)	(326.5)	(326.5)	71.0	517.2
Equity attributable to NCI	0.8	0.5	0.3	0.2	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total shareholders' deficit	(969.6)	(1,359.0)	(1,322.3)	(797.9)	(712.0)	(667.5)	(667.5)	(589.1)	(505.5)	(417.1)	(326.6)	(326.6)	70.9	517.1
Total Liabilities + Equity	2,322.9	2,499.2	2,426.7	2,648.2	2,842.0	3,066.8	3,066.8	2,914.4	3,043.3	3,244.9	3,438.4	3,438.4	3,918.3	4,457.8

Source: Company Data, Morgan Stanley Research estimates

February 17, 2014

Quintiles

Exhibit 3

Q Cash Flows, 2010A-2016E

CASH FLOW STATEMENT (In millions, except per share)	2011A	2012A	Fiscal Year End, Dec 31 2013				2013A	Fiscal Year End, Dec 31 2014				2014E	2015E	2016E
			1QA	2QA	3QA	4QA		1QE	2QE	3QE	4QE			
Net Income	240.3	176.6	48.2	38.4	66.6	72.9	226.03	72.2	77.4	82.2	84.3	316.2	371.1	419.7
Depreciation and Amortization	92.0	98.3	24.6	25.0	27.3	30.6	107.5	27.3	28.0	28.5	29.1	112.9	117.3	116.5
Amortization of debt issuance costs and discount	30.0	9.2	2.9	12.4	1.7	4.9	21.8	1.4	1.4	1.4	1.4	5.7	5.7	5.7
Share-based compensation	14.1	25.9	4.5	6.6	5.9	5.9	22.8	6.2	6.2	6.2	6.2	24.7	26.4	28.4
Gain on sale of business, property, and equipment, net	(1.1)	(0.5)	(0.3)	(0.3)	0.1	(0.6)	(1.2)	-	-	-	-	-	-	-
Impairment of long-lived assets	12.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss (Earnings) from unconsolidated affiliates	(70.8)	(2.5)	1.7	(0.4)	0.1	(0.5)	1.0	(0.3)	(0.3)	(0.3)	(0.3)	(1.0)	(1.0)	(1.0)
Loss on investments, net	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Provision for (benefit from) deferred income taxes	(73.2)	16.6	11.2	(23.2)	(3.8)	(8.4)	(24.2)	-	-	-	-	-	-	-
Excess income tax benefits on stock option exercises	(0.0)	(0.5)	(0.2)	(0.2)	0.3	(16.1)	(16.2)	-	-	-	-	-	-	-
Change in operating assets and liabilities:	(82.7)	12.5	(114.0)	(31.5)	78.5	126.7	59.8	(131.6)	(67.6)	91.9	78.0	(29.2)	9.9	11.4
Change in accounts receivable, unbilled services and unearned income	(168.2)	(5.8)	(39.7)	(87.6)	52.7	(5.3)	(79.8)	32.1	(89.8)	24.5	8.9	(24.4)	(29.1)	(32.3)
Change in other operating assets and liabilities	85.5	18.2	(74.3)	56.1	25.8	132.0	139.6	(163.7)	22.2	67.5	69.1	(4.9)	39.0	43.7
Accounts receivable and unbilled services	(115.7)	(60.3)	(34.0)	(87.9)	(28.1)	(1.7)	(151.7)	77.0	(95.9)	(32.6)	(6.9)	(58.4)	(69.8)	(77.4)
Prepaid expenses and other assets	(22.1)	(27.0)	(10.2)	(9.8)	11.5	(10.2)	(18.8)	21.0	(18.2)	10.2	(19.2)	(6.2)	(17.5)	(19.4)
Accounts payable and accrued expenses	67.4	58.3	(80.4)	37.1	50.1	100.2	107.0	(184.7)	40.4	57.3	88.4	1.3	56.6	63.1
Unearned income	(52.4)	54.5	(2.5)	5.5	51.4	17.4	71.9	(44.9)	6.1	57.1	15.7	34.0	40.7	45.1
Income taxes payable and other liabilities	40.2	(13.1)	6.1	(1.3)	5.6	40.9	51.3	-	-	-	-	-	-	-
Net cash provided by operating activities	161.0	335.7	(21.5)	26.8	176.5	215.5	397.4	(18.7)	45.2	210.0	198.8	435.3	529.5	580.8
Acquisition of property, equipment and software	(75.7)	(71.3)	(31.5)	(32.8)	(13.7)	(14.4)	(92.3)	(25.2)	(25.7)	(25.4)	(26.7)	(103.0)	(110.3)	(118.4)
Acquisition of businesses, net of cash acquired	(227.1)	(43.2)	-	-	(145.0)	-	(145.0)	-	-	-	-	-	-	-
Proceeds from disposition of property and equipment	3.0	2.7	0.7	0.4	0.3	0.7	2.0	-	-	-	-	-	-	-
Proceeds (Purchase) of equity securities	(15.8)	(13.1)	0.1	-	(0.1)	-	-	-	-	-	-	-	-	-
Investments in and advances to unconsolidated affiliates, net of payments received	(17.8)	(3.6)	(4.4)	(0.3)	(1.3)	(1.4)	(7.4)	-	-	-	-	-	-	-
(Payments made for) proceeds from sale of investment in unconsolidated affiliates	109.1	(0.6)	-	-	-	2.3	2.3	-	-	-	-	-	-	-
Proceeds (Purchase) of other investments	(5.0)	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-
Other	4.4	(2.9)	(1.1)	1.5	(0.9)	0.6	0.1	-	-	-	-	-	-	-
Net cash used in investing activities	(224.8)	(132.2)	(36.2)	(31.2)	(160.6)	(12.2)	(240.2)	(25.2)	(25.7)	(25.4)	(26.7)	(103.0)	(110.3)	(118.4)
Proceeds from issuance of debt	1,980.0	2,441.0	-	-	-	2,060.8	2,060.8	-	-	-	-	-	-	-
Payment of debt issuance costs	(18.4)	(9.7)	-	-	-	(2.6)	(2.6)	-	-	-	-	-	-	-
Repayment of debt	(1,712.7)	(1,995.5)	(34.3)	(350.5)	(1.0)	(2,058.8)	(2,444.6)	(2.6)	(2.6)	(2.6)	(2.6)	(10.3)	(20.6)	(20.6)
Principal payments on capital lease obligations	(7.2)	(5.4)	-	-	-	(3.8)	(3.8)	-	-	-	-	-	-	-
Issuance of common stock	1.1	3.5	0.1	489.8	(0.4)	0.0	489.6	-	-	-	-	-	-	-
Repurchase of common stock	(14.3)	(13.4)	-	-	-	(6.4)	(6.4)	-	-	-	-	-	-	-
Excess income tax benefits on stock option exercises	0.0	0.5	0.2	0.2	(0.3)	16.1	16.2	-	-	-	-	-	-	-
Dividends	(288.3)	(567.9)	-	-	-	-	-	-	-	-	-	-	-	-
Other	-0.5	-	-	0.3	0.1	(38.5)	(38.1)	-	-	-	-	-	-	-
Net cash used in financing activities	(59.3)	(146.9)	(33.96)	139.74	(1.5)	(33.3)	71.0	(2.6)	(2.6)	(2.6)	(2.6)	(10.3)	(20.6)	(20.6)
Effect of foreign currency exchange	(7.1)	(5.2)	(21.8)	(3.9)	9.6	(1.5)	(17.7)	-	-	-	-	-	-	-
Restatement Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, beginning of period	646.6	516.3	567.7	454.3	585.7	609.7	567.7	778.1	731.6	748.6	930.6	778.1	1,100.1	1,498.7
Increase (decrease) in cash and cash equivalents	(130.3)	51.4	(113.4)	131.4	24.0	168.4	210.4	(46.5)	17.0	182.0	169.5	322.0	398.6	441.8
Cash, end of period	516.3	567.7	454.3	585.7	609.7	778.1	778.1	731.6	748.6	930.6	1,100.1	1,100.1	1,498.7	1,940.5

Source: Company Data, Morgan Stanley Research estimates



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(as of January 31, 2014)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1014	34%	311	38%	31%
Equal-weight/Hold	1315	44%	392	48%	30%
Not-Rated/Hold	101	3%	26	3%	26%
Underweight/Sell	543	18%	96	12%	18%
Total	2,973		825		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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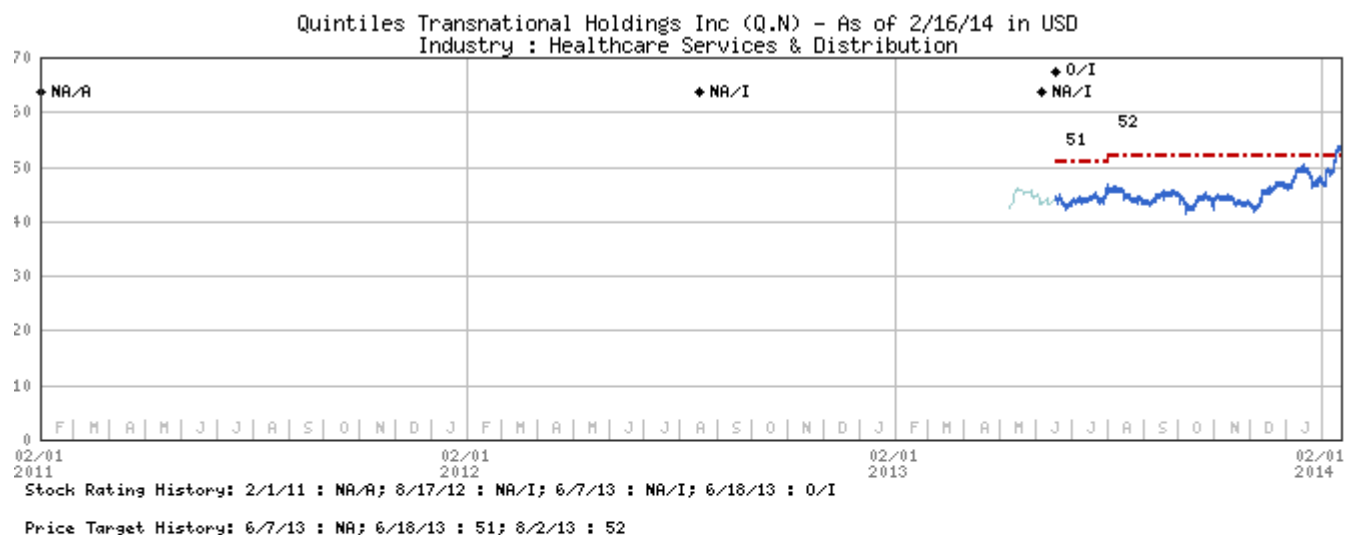
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Stock Price, Price Target and Rating History (See Rating Definitions)

February 17, 2014

Quintiles



Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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February 17, 2014

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Industry Coverage: Healthcare Services & Distribution

Company (Ticker)	Rating (as of)	Price* (02/14/2014)
Ricky R Goldwasser		
Allscripts Healthcare Solutions Inc. (MDRX.O)	O (04/26/2013)	\$16.69
AmerisourceBergen Corp. (ABC.N)	E (04/13/2012)	\$68
CVS/Caremark Corp. (CVS.N)	O (11/04/2011)	\$69.9
Cardinal Health Inc (CAH.N)	O (01/07/2010)	\$70.27
Catamaran Corp (CTRX.O)	E (09/23/2013)	\$52.29
Cerner Corporation (CERN.O)	E (08/17/2012)	\$60.18
Charles River Laboratories International (CRL.N)	E (03/03/2010)	\$58.28
Covance Inc. (CVD.N)	E (09/15/2010)	\$102.34
Express Scripts, Inc. (ESRX.O)	O (01/07/2010)	\$76.75
Laboratory Corp. of America Holdings (LH.N)	U (03/19/2010)	\$91.94
McKesson Corporation (MCK.N)	O (10/25/2013)	\$175.6
Quality Systems Inc (QSII.O)	E (07/18/2013)	\$18.08
Quest Diagnostics Inc. (DGX.N)	U (07/09/2013)	\$52.6
Quintiles Transnational Holdings Inc (Q.N)	O (06/18/2013)	\$53.15
athenahealth Inc (ATHN.O)	E (05/03/2012)	\$189.01

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