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Changes	Previous	Current
Rating	--	Overweight(Vol)
Target Price	--	\$14.00
Price:		\$7.92
Fully Diluted Shares Out (mil.):		21.49
52-Week High:		\$19.00
52-Week Low:		\$7.09
Market Cap (mil.):		\$170.2
Fiscal Year End:		Dec
Average Daily Volume:		125,599
Float (mil.):		6.8
Debt/Cap:		8.0
Cash/Shr:		\$3.37
Dividend/Yield:		NA/NA
Book Value/Shr:		\$2.10

EPS	2013A	2014E	2015E
Mar	(\$2.26)A	(\$0.32)A	NE
Jun	(\$2.00)A	(\$0.31)A	NE
Sep	(\$6.59)A	(\$0.36)	NE
Dec	(\$1.42)A	(\$0.40)	NE
FY	(\$6.15)A	(\$1.39)	(\$1.19)
P/E	NM	NM	NM
Rev.	\$21.9M	\$37.8M	\$62.0M

Veracyte, Inc. is a molecular diagnostics company that discovers, develops, and commercializes molecular diagnostic solutions that enable physicians to make more informed treatment decisions early.

Veracyte, Inc.

VCYT – NASDAQ

Overweight (Volatile)**Reason for Report:** Company Update

More Data Supporting GEC; Reiterate OW/Vol. Rating, \$14 PT

INVESTMENT CONCLUSION:

VCYT will present two new studies at the American Thyroid Association meeting at the end of this month. These two follow up studies serve to underscore the clinical validity of the Afirma GEC test and will continue to drive physician confidence in the test. We reiterate our **OW/Vol.** rating and \$14 PT on VCYT.

KEY POINTS:**Follow Up Studies Underscore Clinical Validity of GEC**

- The first follow up study consisted of testing patients who had avoided thyroid surgery using Afirma GEC for up to 3 years. Encouragingly, all 13 patients chosen for follow up (and avoided surgery) remained cancer free. Additionally, 3 other patients with benign Afirma GEC results who underwent surgery due to clinical symptoms were confirmed as benign. We believe this study will support increased reliance by physicians in 1) ordering the test and 2) trusting the results.
- The second study focused on larger nodules, measuring the performance of the GEC on indeterminate nodules larger than 3 cm in size. In all five cases nodules identified as benign by GEC were confirmed as benign by surgical pathology.

See important disclosures and analyst certification on pages 2 - 3 of this report.

APPENDIX A

ANALYST CERTIFICATION

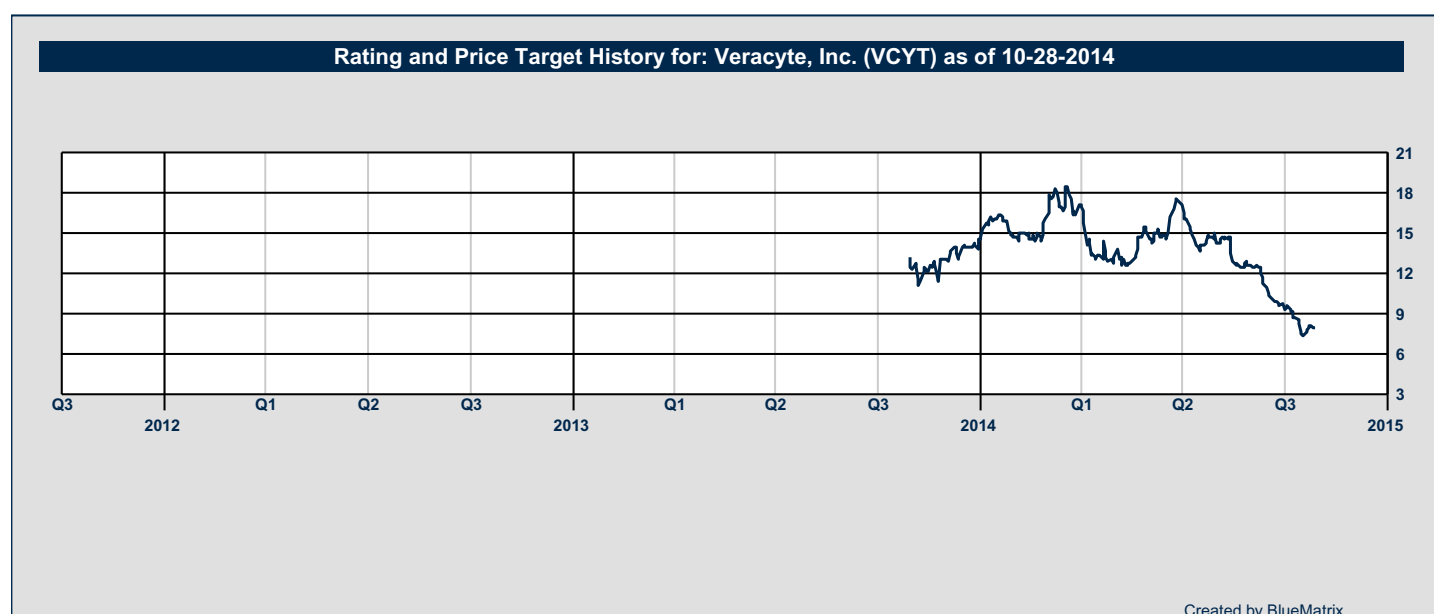
The analyst primarily responsible for the preparation of the content of this report certifies that (i) all views expressed in this report accurately reflect the analyst's personal views about the subject company and securities, and (ii) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in this report.

REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this report has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Stephens Inc. maintains a market in the common stock of Veracyte, Inc. as of the date of this report and may act as principal in these transactions.

Stephens Inc. expects to receive or intends to seek compensation for investment banking services from Veracyte, Inc. in the next three months.



Valuation Methodology for Veracyte, Inc.

We value VCYT on a blended basis using comparable companies analysis and a market share discounted cash flow analysis.

Risks to Achievement of Target Price for Veracyte, Inc.

Key risks for investors to note when evaluating shares of VCYT include 1) reimbursement risk, 2) share loss due to competition, 3) potential for channel conflict between customers, and 4) potentially dilutive products in the pipeline.

Ratings Definitions

OVERWEIGHT (O) - The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) - The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) - The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) - The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc. Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	259	58.33	57	22.01
HOLD [EW]	180	40.54	19	10.56
SELL [UW]	5	1.13	0	0.00

OTHER DISCLOSURES

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