

## MORNING SUMMARY

October 14, 2013

## RESEARCH AND MARKET COMMENTARY

Topic	Current Rating	ACTION		ESTIMATE CHANGES					Main Topic
		Rating	Price Target	Metric	Current Quarter	Next Quarter	Current FY	Next FY	
<b>FPRX</b>	<b>B</b>	—	—	EPS (\$)	—	—	—	—	Initiating Coverage
<b>FWM</b>	<b>B</b>	—	▲	EBITDA (\$M)	—	▲	▲	▼	Price Target Change

**Biotechnology: FPRX - BUY - Promising Early Stage Oncology/Inflammatory Disease Pipeline with Impressive Platform**

**Technology: Initiating Coverage with BUY (\$20 PT)**

**WRG Financial Services: Oct. 14 to Oct. 18: Mortgage Lending: Loan Limits Likely to Remain Steady**

**WRG Politics: Week Ahead: Less than 100 Hours to Debt Ceiling Deadline – Move from Surreal to Reckless (DC Download)**

**WRG Weekly Checkup: Weekly Checkup: Odds for Device Tax Delay Improving**

## INITIATION OF COVERAGE

**FPRX - BUY - Promising Early Stage Oncology/Inflammatory Disease Pipeline with Impressive Platform Technology: Initiating Coverage with BUY (\$20 PT)**

**Bret Holley, Ph.D.**

212 293 2820, [bret.holley@guggenheimpartners.com](mailto:bret.holley@guggenheimpartners.com)

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BUY			
<b>FPRX</b>	<b>\$13.19</b>	<b>Price Target</b> \$20.00	
<b>Current Q</b>	<b>Next Q</b>	<b>Current FY</b>	<b>Next FY</b>
\$(0.28)	\$(0.20)	\$(1.34)	\$(1.00)
<b>Market Cap (M)</b>	<b>Metric</b>	<b>Mult Curr Yr.</b>	<b>Mult Next Yr.</b>
\$221	EPS (\$)	NM	NM

We believe FPRX (\$13.19) is attractive, based on a promising early stage oncology/inflammatory disease pipeline and a productive platform. FPRX's lead compound, FP-1039/GSK3052230, a FGF ligand trap partnered with GSK, is in Ph.Ib testing for FGFR1-amplified NSCLC, and we believe this drug has a good probability of success in this indication and potentially other FGFR1-amplified solid tumors, including mBC, HNC, and RCC. The company's late preclinical pipeline includes FPA008, an anti-CSF1R mAb for RA/inflammatory diseases, which should enter Ph.I testing by YE'13, and FPA144, an anti-FGFR2b mAb for gastric cancer, likely entering the clinic in '14. Importantly, all three of these candidates were discovered or identified by FPRX using the company's unique protein therapeutic discovery technology. FPRX is led by CEO Dr. Rusty Williams, a distinguished scientist with years of biotechnology industry experience, and we believe the company's other key leaders are established industry veterans. Although we expect limited NT clinical newsflow for FPRX, we believe the stock is attractive for longer-term investors, based primarily on FP-1039's potential.

We believe FP-1039 has potential in NSCLC and additional solid tumors. FP-1039 targets the FGFR1 signaling pathway, which is known to be a primary driver in a subset of lung, breast, and head and neck cancers when dysregulated. In particular, we believe there is good evidence that FGFR1 amplification leads to poorer prognosis in squamous NSCLC. Based on this, several other biotechnology/pharmaceutical companies have attempted to target the FGFR1 pathway, with promising efficacy but concerning on-target side effects, such as severe weight loss and hyperphosphatemia. In contrast, in a recently completed Ph.I trial, FP-1039 was reasonably well tolerated, with no evidence of typical FGFR1 side effects. Although the best response demonstrated in the Ph.I trial was stable disease, we do not view this as surprising, as pts were not screened for amplification of FGFR1. Based on a favorable side effect profile and a clear molecular rationale for targeting the FGFR1 pathway in cancers driven by FGFR1 amplification, we see a good probability of FP-1039's success in subpopulations of NSCLC and other solid tumors.

GSK has very recently initiated a Ph.Ib trial of FP-1039 in FGFR1-amplified cancers, with first results expected in 2H14. The trial will consist of three arms: 1) 1st-line squamous NSCLC, FP-1039 combined with paclitaxel/carboplatin, 2) 2nd-line squamous NSCLC, FP-1039 combined with

docetaxel, and 3) 3rd/late-line solid tumors (NSCLC, mBC, HNC, and RCC), FP-1039 monotherapy. Notably, in contrast to the Ph.I solid tumor trial, this trial will only include pts with molecularly confirmed FGFR1 amplification. Given the relatively low efficacy bar set by chemotherapeutics and newer targeted agents in FGFR1 amplified squamous NSCLC, we see a good probability that this trial will yield positive efficacy results in 2H14.

**Possible accelerated approval of FP-1039 in FGFR1+ squamous NSCLC.** We believe there is a significant unmet need for efficacious and, notably, relatively well tolerated FGFR1 inhibitors in FGFR1+ squamous NSCLC and other solid tumors where FGFR1 is amplified. Based on this, we see the potential for accelerated approval of FP-1039 on positive Ph.II/III results in NSCLC as early as 2017. We believe the FDA is currently open to early approval of targeted cancer therapies, provided there are very well-defined pt populations that experience a substantial clinical benefit from these drugs. We believe FP-1039 is likely to fit this description in FGFR1+ squamous NSCLC. If the Ph.Ib results for the drug are positive, consistent with our expectation, we expect GSK will move rapidly forward with a Ph.II/III trial in this setting, which could be completed in late '16/early '17. On this timeline, we see a reasonable probability (50%) of the first U.S. approval of FP-1039 in mid-'17/2H17.

**We estimate FP-1039 will exceed \$1B in worldwide sales in FGFR1+ squamous NSCLC.** NSCLC is currently the leading cause of cancer death in the world, with ~750,000 new cases expected worldwide in '13. Squamous NSCLC represents ~30% of these cases, or ~225,000 pts. There is fairly conclusive scientific evidence that FGFR1 amplification occurs in 20#25% of squamous NSCLCs, defining a large, ~50,000 pt candidate pool for FG-1039. FPRX is entitled to a tiered, low-double digit to high-teen royalty on U.S./E.U. FP-1039 sales, and the company currently retains Japanese rights to the drug. Assuming ~50% penetration and \$90,000/year U.S. pricing, consistent with marketed targeted therapies, we estimate worldwide FP-1039 sales exceeding \$1B by '22. We note that our estimates are focused only on squamous NSCLC, despite FP-1039's meaningful LT potential in additional FGFR1+ solid tumors.

**FPRX's next candidate to enter the clinic, FPA008, has the potential to improve upon the efficacy of established anti-inflammatory disease drugs.** FPA008's mechanism of action should incorporate the effective attributes of existing RA/psoriasis drugs, like AMGN's Enbrel and ABT's Humira, while adding additional efficacy from the downregulation of monocytes and macrophages that these drugs do not impact. FPRX plans to begin Ph.I testing of FPA008 in healthy volunteers by YE'13, with first clinical results likely in '14. We believe FPA008's potentially substantial immunosuppressive effect, while likely to be associated with high efficacy in RA, could lead to side effects, such as opportunistic infections. For this reason, we view the first Ph.I safety results for FPA008 as an important milestone for FPRX.

**FPA144, entering late preclinical development, could be a significant advance for FGFR2+ gastric cancer.** The FGFR2 gene is amplified in a small subset of gastric cancers (~5%) and is associated with significantly poorer prognosis. FPA144 is an anti-FGFR2 mAb that is effective in preclinical models of FGFR2+ gastric cancer, both through inhibition of FGFR2 signaling and direct cell killing. Although FPA144 is not scheduled to enter the clinic until '14, we believe it could be a LT value driver for FPRX.

**FPRX has a unique protein therapeutics technology platform.** FPRX has the capability to target >5,600 extracellular proteins with antibodies and/or protein therapeutics, which we believe gives the company a significant advantage vs. competitors. Although there has been an assumption that the "low hanging fruit" has been picked among antibody/protein therapeutics, we believe this is likely an artifact of the limitations of drug discovery that is driven by non-systematic approaches. Based on progress with FP-1039, FPA008, and FP144, along with additional preclinical programs in cancer immunotherapy and other disease settings, we believe FPRX's technology has demonstrated the potential to overcome certain of these limitations.

**FPRX's unique technology has led to several major collaboration deals, and we believe this deal flow is likely to continue.** The company has three major collaborations with GSK, including, notably, development of FP-1039, and has successfully completed several other collaborations with large pharmaceutical companies. To date, FPRX has generated more than \$220M of non-dilutive funding from collaborations, which has enabled the company to operate without significant outside financing since 2005. FPRX has stated that it intends to form at least one new deal a year, going forward, and we expect the company to announce a new collaboration in the 4Q13#2Q14 time frame, which would likely lead the stock higher.

**D.C. Scorecard: Neutral, with a 3.2 average score.** FPRX currently has no meaningful Washington, D.C. presence, which we believe is appropriate for a developmental-stage company. Importantly, we believe FP-1039, which is focused on a well defined subpopulation of NSCLC, and potentially other cancers, should have favorable positioning with the FDA's ODAC, given this division's recent positive stance on targeted cancer therapies.

## PRICE TARGET CHANGES

### FWM - BUY - Nanuet Store a Home Run—Real Estate Pipeline Is Full, but Valuation Is Not; Raising PT to \$28

John Heinbockel

212 381 4135, john.heinbockel@guggenheimpartners.com

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BUY			
<b>FWM</b>	<b>\$22.12</b>	<b>Price Target</b>	
		\$28.00	
<b>Current Q</b>	<b>Next Q</b>	<b>Current FY</b>	<b>Next FY</b>
\$10.3	\$17.8	\$54.4	\$73.6
<b>Market Cap (M)</b>	<b>Metric</b>	<b>Mult Curr Yr.</b>	<b>Mult Next Yr.</b>
\$913	EBITDA (\$M)	20.2x	15.0x

- We believe FWM is arguably the most compelling growth retailer today, with a clear path to 30% EBITDA growth over the next five years—as store count nearly triples in its home NY market and EBITDA margin expands by 250 bps—and the shares trading at only a 0.42x EBITDA multiple-to-growth rate. We are raising our PT to \$28 from \$23 and reiterating our BUY rating.
- The 50,500 sq. ft. Nanuet store opened on 10/10 and we expect it should be successful, likely generating in excess of \$54M in first full-year sales and an estimated 7% contribution margin. Not only is this a very well-merchandised store in a dynamic lifestyle shopping center, but the surrounding competition—Stop & Shop, Pathmark, and A Matter of Health—is unusually weak.

- Nanuet is part of an increasingly robust real estate pipeline—the lifeblood of the FWM growth story. With lease signings announced at Hudson Yards, Tribeca, and Lake Grove LI, nearly half of the 2014-2015 expansion program is complete. Additional projects continue to be pursued in the five boroughs as well as in Westchester and NJ. The magnitude and quality of this real estate increases our confidence that EBITDA can approach \$100M in 2015.
- The opening of the Hunts Point supply chain complex is drawing nearer. This facility, which will eventually house a significant amount of manufacturing activity as well as cross-docking, will be phased in beginning with core bakery & commissary operations in Jan./Feb. This centralization is critical to the 250+ bps of EBITDA margin expansion we expect by 2017.
- FWM shares have underperformed over the past three months, declining 20% (Nasdaq up 6%), perhaps in anticipation of the expiration of majority owner Sterling's lock-up (10/16). However, we would view any secondary positively, in that it would meaningfully increase liquidity—note that FIVE shares have rallied 28% since its initial secondary on 1/30 (Nasdaq up 21%).

## MARKET COMMENTARY AND DESK ANALYSIS

### Week Ahead: Less than 100 Hours to Debt Ceiling Deadline – Move from Surreal to Reckless (DC Download)

#### THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT

**Chris Krueger**

202-747-9469, [chris.krueger@guggenheimpartners.com](mailto:chris.krueger@guggenheimpartners.com)

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We have moved from the surreal into the reckless with the Washington stalemate. The GOP has basically shelved plans to defund ObamaCare through the debt ceiling, but now the Democrats are trying to replace sequester with less than 100 hours to go. This shows how much the tables have turned and how far away we remain from a deal. There are two tracks to a final deal: a House GOP plan and some type of Senate hybrid plan. The House GOP plan is probably some version of a very short debt ceiling hike (perhaps Nov. 22) that would possibly keep the government closed. The eventual Senate plan is some version of a more Democratic-friendly Collins Plan. Senate Majority Leader Reid (D-Nev.) rejected the Collins Plan on Saturday morning of a debt ceiling raise to Jan. 31 with sequester relief, 6 month CR, medical device tax delay paid for with pension smoothing, and ObamaCare subsidy income verification. It is unclear whether we are about to see the dawn or pitch black. Absent material forward motion by tomorrow, we will be forced to raise our odds from Washington missing the October 17th deadline above the current 40% probability.

### Oct. 14 to Oct. 18: Mortgage Lending: Loan Limits Likely to Remain Steady

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**Jaret Seiberg**

202-747-9461, [jaret.seiberg@guggenheimpartners.com](mailto:jaret.seiberg@guggenheimpartners.com)

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Our Washington calendar of financial policy events is at the end of this note, but first a few comments on the political backlash to suggestions that the Federal Housing Finance Agency would lower conforming loan limits for 2014.

#### Our View

- We believe the odds favor FHFA keeping conforming loan limits steady for 2014, though the agency is likely to create a process that could result in lower limits in 2015 and beyond. That would mean the conforming loan limit floor will continue to be \$417,000 with the maximum in higher-cost markets of \$625,500. We place odds at 70% that levels are unchanged.
- This is about removing a threat to housing and not about a move that will expand purchase mortgage credit availability. We continue to see a purchase mortgage credit crunch.
- Our broader concern remains that government policymakers are considering policies that will keep credit conditions tight rather than taking steps to make credit more available. The credit availability victories are much more about maintaining the status quo rather than enabling more consumers to get mortgages.

**Weekly Checkup: Odds for Device Tax Delay Improving****THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT****WRG GS Equity Healthcare**

202-747-9450, gsequitywrghealthcare@guggenheimpartners.com

**Rick Weissenstein**

202-747-9464, rick.weissenstein@guggenheimpartners.com

**Eric Assaraf**

202-747-9452, eric.assaraf@guggenheimpartners.com

**Amy Thornton**

202-747-9473, amy.thornton@guggenheimpartners.com

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- A two-year delay of the health reform law's 2.3% tax on medical devices now appears to be in the mix as part of a deal to resolve the current government spending impasse. As we wrote last week, Sen. Susan Collins (R-Maine) was spearheading an effort to repeal the tax along with a six-month continuing resolution (CR) and a provision to give agencies more flexibility in implementing sequester cuts. The device tax provision was offset by a change in pension fund rules.
- We have long held that outright repeal of the device tax was unlikely to move unless part of a larger deal between the White House and Congressional Republicans. While Collins' plan is no grand bargain, it now reportedly includes a raise of the debt ceiling and a two-year delay of the device tax instead of outright repeal. We believe the White House and Senate Democrats would be more amenable to such a plan and therefore raise our odds of the device tax being reopened from 55% to 65%.
- However, the question is whether or not it happens this week as negotiations between the White House and Senate Republicans apparently hit a road block yesterday over the top-line spending level of the CR and the length of the debt ceiling raise. Senate Democrats are apparently looking for more relief for agencies on sequester cuts as part of the deal. If the negotiations don't get back on track today, a shorter-term CR/debt ceiling package along the lines of the House's six-week proposal last week may be necessary, with or without a device tax provision.

## Upcoming Events

### CONFERENCE CALLS

Name	Sector	Date	Time
Heads Up from Washington	Macro/Various	Every Friday	11:00 AM ET

*Please contact your Guggenheim Salesperson for Dial In / Replay information*

### ANALYST / SPECIALIST MARKETING

Name	Sector	Location	Date
Rick Weissenstein	Healthcare	West Coast	Week of October 28

### MANAGEMENT ACCESS

Name	Sector	Location	Date
Family Dollar (FDO)	Consumer	New York	October 22
Huntington Bancshares (HBAN)	Financial Services	Columbus	October 28
Wells Fargo (WFC)	Financial Services	New York	November 5
Core Laboratories (CLB)	Energy	Los Angeles	November 5
FNB Corp (FNB)	Financial Services	New York	November 6
Zoetis (ZTS)	Healthcare	New York	November 14

### SPECIAL EVENTS AND THOUGHT LEADERS

Name	Sector	Location	Date
Scott Miner, CIO Guggenheim Investments	Macro	New York	October 16
Jim Cicconi, AT&T Legislative & External Affairs	TMT	New York	October 30
Housing Finance Forum	Financial Services	Washington, DC	November 4
Stephen Uhl, AdvaMed	Healthcare	New York	November 4
Guggenheim TMT Symposium	TMT	New York	November 14

## Equity Research: Coverage Universe

### AUTOMOTIVE

Matthew Stover | [Matthew.Stover@guggenheimpartners.com](mailto:Matthew.Stover@guggenheimpartners.com) | 617 859 4605

Auto & Auto Parts	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
American Axle & Manufacturing	AXL	Neutral	\$18.80	\$10.00	\$1,410
Autoliv, Inc.	ALV	Neutral	\$90.38	\$61.00	\$8,663
BorgWarner Inc.	BWA	Neutral	\$102.90	\$75.00	\$11,780
Delphi Auto	DLPH	Neutral	\$57.31	\$37.00	\$17,778
Ford Motor Company	F	Neutral	\$17.11	\$13.00	\$67,408
General Motors Company	GM	Neutral	\$35.35	\$25.00	\$48,929
Gentex Corporation	GNTX	Buy	\$26.13	\$27.00	\$3,770
Harman International Industries, Inc.	HAR	Neutral	\$67.79	\$52.00	\$4,615
Honda Motor Co., Ltd.	7267.JP	Neutral	¥3,915.00	¥3,352.00	¥7,091,743
Johnson Controls, Inc.	JCI	Buy	\$42.10	\$47.00	\$28,803
Lear Corporation	LEA	Buy	\$72.36	\$82.00	\$5,835
Magna International, Inc.	MGA	Neutral	\$85.03	\$48.00	\$19,294
Toyota Motor Corporation	7203.JP	Buy	¥6,410.00	¥6,167.00	¥22,101,664
TRW Automotive	TRW	Buy	\$73.70	\$81.00	\$8,637
Visteon Corporation	VC	Buy	\$75.02	\$87.00	\$3,754

### ENERGY

Rob Cordray | [Robert.Cordray@guggenheimpartners.com](mailto:Robert.Cordray@guggenheimpartners.com) | 972 638 5509

Exploration & Production	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Anadarko Petroleum Corporation	APC	Buy	\$95.46	\$122.00	\$47,988
Apache Corporation	APA	Neutral	\$87.95	\$92.00	\$34,250
Cobalt International Energy, Inc.	CIE	Buy	\$24.13	\$41.00	\$9,923
ConocoPhillips	COP	Buy	\$71.71	\$83.00	\$87,702
Devon Energy Corporation	DVN	Buy	\$60.80	\$76.00	\$24,685
Energy XXI Limited	EXXI	Buy	\$31.06	\$40.00	\$2,354
EOG Resources, Inc.	EOG	Neutral	\$178.99	\$160.00	\$48,760
Hess Corporation	HES	Neutral	\$81.10	\$88.00	\$27,850
Kosmos Energy Ltd.	KOS	Buy	\$10.59	\$17.00	\$4,107
Marathon Oil Company	MRO	Buy	\$34.86	\$45.00	\$24,739
Noble Energy, Inc.	NBL	Buy	\$67.00	\$75.00	\$24,051
Occidental Petroleum Corporation	OXY	Buy	\$95.49	\$110.00	\$76,942
Pioneer Natural Resources Company	PXD	Neutral	\$195.00	\$155.00	\$27,017
QEP Resources, Inc.	QEP	Buy	\$29.46	\$45.00	\$5,282
SM Energy Corporation	SM	Neutral	\$81.87	\$72.00	\$5,479

## GUGGENHEIM

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Darren Gacicia | Darren.Gacicia@guggenheimpartners.com | 212 293 3054

Offshore Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Atwood Oceanics, Inc.	ATW	Buy	\$55.76	\$67.00	\$3,567
Diamond Offshore Drilling Inc.	DO	Buy	\$63.57	\$80.00	\$8,838
Ensco plc	ESV	Neutral	\$54.77	\$60.00	\$12,790
Hercules Offshore, Inc.	HERO	Neutral	\$7.34	\$8.25	\$1,173
Noble Corp.	NE	Buy	\$37.70	\$48.00	\$9,552
Ocean Rig UDW Inc.	ORIG	Buy	\$18.52	\$25.00	\$2,440
Pacific Drilling S.A.	PACD	Buy	\$11.53	\$13.75	\$2,421
Rowan Companies Inc.	RDC	Neutral	\$36.92	\$40.00	\$4,586
Seadrill Ltd.	SDRL	Buy	\$45.70	\$55.00	\$21,445
Transocean Ltd.	RIG	Buy	\$45.19	\$58.00	\$16,287

Small/Mid Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Aker Solutions ASA	AKSO.NO	Buy	NOK81.3	NOK115	NOK22276.2
CARBO Ceramics Inc.	CRR	Buy	\$104.69	\$115.00	\$2,416
Core Laboratories NV	CLB	Buy	\$173.48	\$175.00	\$7,918
Dril-Quip, Inc.	DRQ	Neutral	\$116.81	\$110.00	\$4,751
Oceaneering International, Inc.	OII	Neutral	\$80.90	\$85.00	\$8,753

Michael LaMotte | Michael.LaMotte@guggenheimpartners.com | 972 638 5502

Large Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Baker Hughes, Inc.	BHI	Neutral	\$50.23	\$53.00	\$22,254
Halliburton Company	HAL	Buy	\$50.67	\$60.00	\$46,291
Schlumberger, Ltd.	SLB	Buy	\$90.02	\$105.00	\$119,113
Weatherford International, Ltd.	WFT	Buy	\$15.74	\$18.00	\$12,084

Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Cameron International, Inc.	CAM	Buy	\$63.36	\$75.00	\$15,594
Dresser-Rand Group Inc.	DRC	Neutral	\$61.69	\$68.00	\$4,705
FMC Technologies, Inc.	FTI	Neutral	\$57.35	\$60.00	\$13,587
National Oilwell Varco	NOV	Buy	\$79.32	\$90.00	\$33,911
Oil States International Inc.	OIS	Buy	\$107.80	\$120.00	\$5,946
Tenaris	TS	Neutral	\$45.88	\$45.00	\$27,082

Land Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Helmerich & Payne	HP	Buy	\$73.98	\$80.00	\$7,878
Nabors Industries	NBR	Neutral	\$17.09	\$16.00	\$5,042
Patterson UTI	PTEN	Buy	\$23.16	\$30.00	\$3,412



## FINANCIAL SERVICES: BANKS

Taylor Brodarick | Taylor.Brodarick@guggenheimpartners.com | 615 208 1222

Community and Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bridge Bancorp, Inc.	BDGE	Buy	\$22.72	\$26.00	\$254
First BanCorp	FBP	Neutral	\$5.28	\$6.00	\$1,093
First Financial Bancorp.	FFBC	Neutral	\$15.28	\$16.00	\$882
First Midwest Bancorp, Inc.	FMBI	Neutral	\$15.86	\$17.00	\$1,190
Old National Bancorp	ONB	Neutral	\$14.45	\$14.50	\$1,458
Popular, Inc.	BPOP	Neutral	\$24.88	\$30.00	\$2,570
S&T Bancorp Inc.	STBA	Buy	\$24.54	\$26.00	\$730
United Community Banks Inc.	UCBI	Neutral	\$15.68	\$14.00	\$907
Washington Trust Bancorp Inc.	WASH	Buy	\$33.73	\$38.00	\$559
WesBanco, Inc.	WSBC	Neutral	\$31.08	\$33.50	\$910

David Darst | David.Darst@guggenheimpartners.com | 615 208 1224

Card Networks & Financial Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
American Express Company	AXP	Neutral	\$75.40	\$75.00	\$81,346
Capital One Financial	COF	Buy	\$71.91	\$78.00	\$42,092
Discover Financial Services	DFS	Buy	\$51.78	\$62.00	\$25,051
MasterCard Incorporated	MA	Buy	\$684.18	\$775.00	\$82,529
Visa Inc.	V	Buy	\$192.20	\$220.00	\$123,890
The Western Union Company	WU	Neutral	\$18.41	\$19.50	\$10,161

Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bryn Mawr Bank Corp.	BMTC	Neutral	\$26.81	\$27.00	\$363
Flushing Financial Corp.	FFIC	Neutral	\$19.01	\$18.00	\$573
Independent Bank Corp.	INDB	Neutral	\$36.70	\$35.00	\$829
Lakeland Bancorp	LBAI	Buy	\$11.71	\$13.50	\$419

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Astoria Financial Corporation	AF	Neutral	\$12.62	\$12.00	\$1,248
BankUnited, Inc.	BKU	Buy	\$31.60	\$35.00	\$3,182
Comerica Inc.	CMA	Neutral	\$40.63	\$40.00	\$7,515
Community Bank System Inc.	CBU	Neutral	\$35.32	\$29.50	\$1,421
First Niagara Financial Corporation	FNFG	Buy	\$10.71	\$11.50	\$3,791
F.N.B. Corp.	FNB	Neutral	\$12.40	\$13.00	\$1,800
Fulton Financial Corp.	FULT	Neutral	\$12.02	\$12.50	\$2,330
Investors Bancorp, Inc.	ISBC	Buy	\$22.23	\$25.00	\$2,624
National Penn Bancshares Inc.	NPBC	Neutral	\$10.19	\$10.50	\$1,484
NBT Bancorp Inc.	NBTB	Neutral	\$23.36	\$23.00	\$1,018
New York Community Bancorp	NYCB	Buy	\$15.63	\$17.00	\$6,891
People's United Financial	PBCT	Neutral	\$14.78	\$16.00	\$4,746
Signature Bank	SBNY	Buy	\$94.43	\$105.00	\$4,460
Susquehanna Bancshares	SUSQ	Buy	\$12.81	\$15.50	\$2,398
United Bancshares Inc.	UBSI	Neutral	\$29.79	\$30.00	\$1,500
Valley National Bancorp	VLV	Neutral	\$10.40	\$10.50	\$2,074
Webster Financial Corp.	WBS	Buy	\$26.47	\$30.00	\$2,390



Marty Mosby | Marty.Mosby@guggenheimpartners.com | 662 469 9595

Money Center Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bank of America	BAC	Neutral	\$14.19	\$16.00	\$152,445
Citigroup Inc.	C	Buy	\$49.22	\$64.00	\$149,679
Goldman Sachs Group, Inc.	GS	Neutral	\$160.00	\$183.00	\$74,740
JPMorgan Chase & Co.	JPM	Buy	\$52.51	\$63.00	\$197,396
Morgan Stanley	MS	Neutral	\$27.95	\$30.00	\$54,741

Super Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
BB&T	BBT	Neutral	\$33.73	\$38.00	\$23,741
Fifth Third	FITB	Buy	\$18.20	\$23.00	\$15,497
First Horizon	FHN	Neutral	\$11.34	\$12.50	\$2,728
Huntington Bancshares Inc.	HBAN	Neutral	\$8.48	\$9.00	\$7,032
KeyCorp	KEY	Buy	\$11.88	\$15.00	\$10,827
M&T Bank	MTB	Neutral	\$114.45	\$120.00	\$14,883
PNC Financial Services	PNC	Buy	\$72.96	\$90.00	\$38,779
Regions Financial	RF	Buy	\$9.59	\$11.00	\$13,386
SunTrust Banks	STI	Buy	\$33.51	\$42.00	\$18,013
U.S. Bancorp	USB	Neutral	\$37.05	\$38.00	\$68,145
Wells Fargo	WFC	Buy	\$41.43	\$50.00	\$218,489
Zions Bancorp	ZION	Neutral	\$28.32	\$31.00	\$5,226

Trust Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
BNY Mellon	BK	Buy	\$30.77	\$36.00	\$35,400
Northern Trust	NTRS	Buy	\$54.79	\$66.00	\$13,157
State Street	STT	Neutral	\$67.22	\$75.00	\$29,978

## FINANCIAL SERVICES: INSURANCE

Bijan Moazami | Bijan.Moazami@guggenheimpartners.com | 202 747 9466

Property/Casualty Insurance	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Ace Limited	ACE	Buy	\$94.10	\$129.00	\$32,005
American International Group	AIG	Neutral	\$50.00	\$54.00	\$73,818
AmTrust Financial Services, Inc.	AFSI	Buy	\$35.30	\$47.00	\$2,628
AON plc	AON	Buy	\$73.10	\$80.00	\$22,475
Argo Group International Holdings, Ltd.	AGII	Neutral	\$43.50	\$45.00	\$1,160
Maiden Holdings, Ltd.	MHLD	Neutral	\$11.93	\$15.00	\$865
Marsh & McLennan Companies, Inc.	MMC	Buy	\$43.26	\$51.00	\$23,776
Meadowbrook Insurance Group Inc.	MIG	Buy	\$6.51	\$9.00	\$325
The Allstate Corporation	ALL	Buy	\$52.52	\$63.00	\$24,340
The Traveler's Companies, Inc.	TRV	Neutral	\$84.66	\$87.00	\$31,618
Tower Group International, Ltd.	TWGP	Buy	\$4.49	\$8.00	\$258
XL Group, Inc.	XL	Neutral	\$31.30	\$31.00	\$8,958

## HEALTHCARE

Bret Holley | Bret.Holley@guggenheimpartners.com | 212 293 2820

Biotechnology	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Alexion Pharmaceuticals	ALXN	Buy	\$108.81	\$127.00	\$21,279
Amgen Inc.	AMGN	Neutral	\$110.89	\$108.00	\$83,540
Ariad Pharmaceuticals, Inc.	ARIA	Buy	\$4.26	\$10.00	\$789
Biogen Idec Inc.	BIIB	Neutral	\$234.80	\$228.00	\$55,805
Biota Pharmaceuticals, Inc.	BOTA	Buy	\$3.97	\$5.00	\$113
Celldex Therapeutics, Inc.	CLDX	Buy	\$27.22	\$34.00	\$2,204
Celgene Corporation	CELG	Buy	\$153.17	\$152.00	\$62,995
Gilead Sciences, Inc.	GILD	Buy	\$62.69	\$72.00	\$95,955
Five Prime Therapeutics, Inc.	FPRX	Buy	\$13.19	\$20.00	\$221
ImmunoGen, Inc	IMGN	Neutral	\$16.45	\$17.00	\$1,400
Incyte Corporation	INCY	Buy	\$37.05	\$47.00	\$5,671
Merrimack Pharmaceuticals, Inc.	MACK	Buy	\$3.61	\$9.00	\$369
Seattle Genetics, Inc.	SGEN	Neutral	\$39.72	\$33.00	\$4,840
United Therapeutics Corporation	UTHR	Neutral	\$81.79	\$69.00	\$4,083
Verastem, Inc.	VSTM	Buy	\$10.61	\$20.00	\$272

Louise Chen | Louise.Chen@guggenheimpartners.com | 212 381 4195

Specialty Pharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AcelRX Pharmaceuticals, Inc.	ACRX	Buy	\$8.80	\$15.00	\$371
Actavis, Inc.	ACT	Buy	\$141.71	\$148.00	\$24,729
Akorn, Inc.	AKRX	Buy	\$19.85	\$22.00	\$1,910
Allergan Inc.	AGN	Buy	\$89.96	\$131.00	\$26,705
Antares Pharma Inc.	ATRS	Buy	\$4.53	\$6.00	\$576
Cadence Pharmaceuticals Inc.	CADX	Buy	\$5.90	\$9.00	\$508
Hospira Inc.	HSP	Buy	\$40.78	\$49.00	\$6,755
Impax Laboratories Inc.	IPXL	Buy	\$19.60	\$25.00	\$1,350
Jazz Pharmaceuticals plc	JAZZ	Buy	\$83.51	\$105.00	\$4,856
The Medicines Company	MDCO	Buy	\$33.37	\$39.00	\$2,111
Mylan, Inc.	MYL	Neutral	\$39.91	\$35.00	\$15,238
Pernix Therapeutics Holdings, Inc.	PTX	Buy	\$2.41	\$10.00	\$89
Perrigo Co.	PRGO	Buy	\$129.59	\$155.00	\$12,196
Sagent Pharmaceuticals, Inc.	SGNT	Neutral	\$20.50	\$23.00	\$651
Teva Pharmaceutical Industries Limited	TEVA	Neutral	\$41.04	\$41.00	\$34,679
Valeant Pharmaceuticals International, Inc.	VRX	Buy	\$109.43	\$119.00	\$36,426
Zoetis Inc.	ZTS	Buy	\$32.40	\$40.00	\$16,200

## RETAIL &amp; CONSUMER

John Heinbockel | John.Heinbockel@guggenheimpartners.com | 212 381 4135

Retail & Consumer	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Costco Wholesale Corporation	COST	Neutral	\$115.90	\$105.00	\$50,612
CVS Caremark Corporation	CVS	Buy	\$59.57	\$60.00	\$73,174
Dollar General	DG	Buy	\$57.83	\$61.00	\$18,714
Fairway Group Holdings Corp.	FWM	Buy	\$22.12	\$28.00	\$913
Family Dollar	FDO	Buy	\$69.71	\$70.00	\$8,017
Five Below, Inc.	FIVE	Buy	\$45.44	\$57.00	\$2,456
Rite Aid Corporation	RAD	Buy	\$4.99	\$2.25	\$4,572
Safeway Inc.	SWY	Neutral	\$33.75	\$35.00	\$8,141
Sprouts Farmers Market, Inc.	SFM	Neutral	\$46.20	\$37.00	\$6,765
SuperValu Inc.	SVU	Neutral	\$8.21	\$3.00	\$2,122
Sysco Corp.	SYU	Neutral	\$32.22	\$30.00	\$18,957
The Kroger Co.	KR	Buy	\$41.71	\$45.00	\$21,707
Walgreen Co.	WAG	Buy	\$55.96	\$52.00	\$52,882
Whole Foods Market Inc.	WFM	Neutral	\$61.18	\$58.00	\$22,790

## U.S. CABLE

Sabina Nyckowski | Sabina.Nyckowski@guggenheimpartners.com | 212 292 4778

U.S. Cable and Satellite TV	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Cablevision Systems Corporation	CVC	Buy	\$16.27	\$24.00	\$4,345
Charter Communications, Inc.	CHTR	Neutral	\$136.23	\$140.00	\$13,820
Comcast Corporation	CMCSA	Neutral	\$46.06	\$47.00	\$120,207
Comcast Corporation	CMCSK	Neutral	\$44.65	\$47.00	\$120,207
DIRECTV	DTV	Neutral	\$60.65	\$68.00	\$33,297
Dish Network Corp.	DISH	Neutral	\$47.88	\$40.00	\$21,769
Time Warner Cable Inc.	TWC	Neutral	\$115.79	\$111.00	\$33,091

Source: Guggenheim Securities, LLC, Bloomberg

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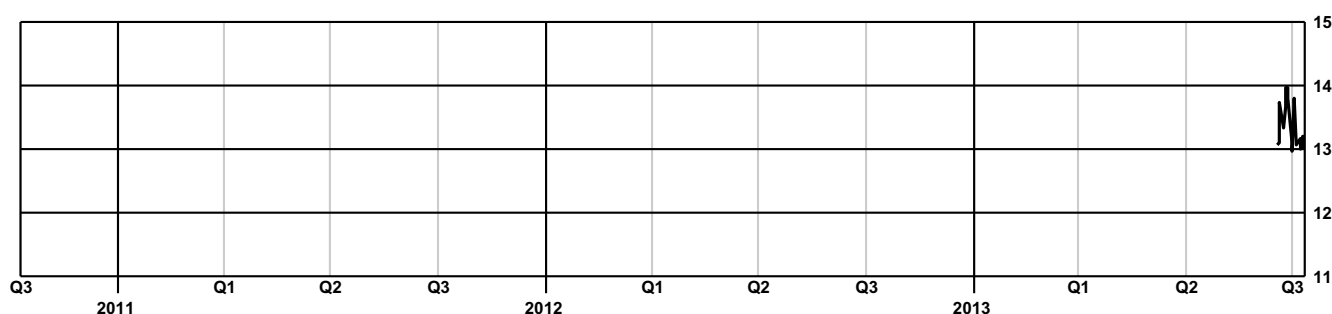
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			Count	Percent
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