

LEERINK SWANN MORNING ROUNDS

Today's Highlights

November 7, 2013

Featured Research: ALNY, AUXL, BDX, DXCM, FMI, HSP, NPSP, SGEN, XLRN, Biopharma

Initiations: None | **Rating Changes:** None | **Price Target Changes:** BDX, DXCM, FMI, AUXL | **Estimate Changes:** ALNY, BDX, DXCM, FMI, XLRN, AUXL, HSP, NPSP, SGEN | **MEDACorp:** ALNY, XLRN

Reference Tools:

[Catalyst Tracker](#) | [Calendar of Events](#) | [HC Conferences](#) | [Earnings Rundown](#) | [Abbreviations & Acronyms](#) | [2013 Leerink Swann Events](#)

Leerink Swann Events - Please contact your Leerink Swann representative for details

Today at 2PM, ET, MEDACorp Pulse Call: DC Outlook: Obamacare Rollout Fallout, Budget and Sequestration, Doc Fix

11/7: Investor Tours / Site Visits: West Coast Bus Tour: CLVS, GILD, ISIS, JAZZ, PBYI, RCPT, SGEN, THRX, San Francisco

11/13: Corporate Access: Covidien: COV, Toronto

11/13: Corporate Access: Wright Medical Group, Inc.: WMGI, Los Angeles

11/14: Corporate Access: Covidien: COV, Montreal

Today's Healthcare Events

Earnings before the open: AGIO, ARQL, HTWR, MNK, NXTM

Earnings after the close: AMBI, AMRN, BIO, CFN, MDRX, OGXI, PCYC, PODD, RPTP, SLXP, SNTS, TSRO, XNPT

AEGR: analyst meeting

ASH: Abstracts, released, 9am EST

Today's Research

Alnylam Pharmaceuticals, Inc. (ALNY) | Marko Kozul, M.D.

3Q:13 Updates Prep for the Long Road of Catalysts Ahead; Reit. OP & \$80 PT

Outperform | **Market Cap:** \$3,430.1M | **Price:** \$54.97 | **Price Target:** \$80.00 | **Methodology:** DCF analysis

• **Bottom Line:** 3Q:13 EPS updates provided incremental clarity on numerous upcoming pipeline milestones. Near term, ISFAP (11/10-13) and ASH (12/7-10) should serve as meaningful drivers in 4Q:13. At ISFAP, we anticipate potential for positive surprises in the full Phase II Patisiran (TTR-02) dataset and focus on the placebo arm of the NIH Phase III Diflunisal trial. ASH-2013 should provide meaningful Non-Human-Primate (NHP) data for AT3 (Hemophilia) and CC5 (Complement Disease). 2014 drivers may include Patisiran open label extension (OLE) data and Phase I data for AT3 and AS1 (Porphyria). Continued emerging long-term safety with GalNAc based delivery could set the stage for continued growth in the years ahead. We reiterate an Outperform (OP) rating and \$80 price target (PT).

• On 11/13, ALNY will present full Patisiran Phase II data that should serve to further de-risk this program.

• ASH-2013 presentations will provide important NHP data that could serve to incrementally de-risk the emerging AT3 and CC5 clinical programs.

• 3Q:13 R&D expense of \$34.5M was higher than our estimate of \$27.4M primarily due to increase in stock-based compensation, which is expected to decrease in 4Q:13.

• **2013E EPS/REV:** (\$1.36) / \$43.6 → (\$1.43) / \$44.5

• **2014E EPS/REV:** (\$1.96) / \$32.0 → (\$2.10) / \$32.0

Revenue in millions.

Becton, Dickinson and Company (BDX) | Richard Newitter

Updating Model Post Solid F4Q; Stock Looks Fairly Valued in Our View

Market Perform | **Market Cap:** \$21,304.9M | **Price:** \$107.06 | **Price Target:**

\$95.00 → \$107.00 | **Methodology:** ~16.8x CY14E EPS of \$6.38

• **Bottom Line:** We are updating our model following BDX's F4Q sales/EPS, reported Tues., which saw both sales and EPS above-expectations. BDX initiated FY14 guidance with the sales range about in line with the Street, while BDX's EPS outlook was a touch below consensus. Overall, it was a solid finish to FY13. FY14 guidance looks achievable, in our view. And we continue to be encouraged by improving organic top-line growth prospects, new product cycles, as well as BDX's continued success in emerging markets. Still, with the shares trading at ~16.3x CY13E EPS—above the large-cap MedTech average—we think the multiple already reflects improving fundamentals to a large degree, with near-term expansion from current levels limited in our view. Maintain MP. Our PT increases to \$107 (vs. \$95) due to recent multiple expansion for the group.

- F4Q Sales/EPS Beat.
- FY14 Guidance Looks Achievable.
- We Update Our Model for F4Q and Guidance
- **2014E EPS/REV:** \$6.21 / \$8,335.0 → \$6.19 / \$8,403.0

Revenues in millions; 1H12 restated to reflect Discovery Labs as discontinued ops.

DexCom (DXCM) | Danielle Antaffy

3Q13: G4 Momentum Continues to Exceed Expectations, Pushing Outlook Higher

Market Perform | **Market Cap:** \$1,944.9M | **Price:** \$27.24 | **Price Target:** \$28.00 → \$32.00 | **Methodology:** 8x EV/sales multiple to our now \$40M higher \$279M 2015 revenue estimate

• **Bottom Line:** DXCM shares should trade higher after the company delivered a very strong 3Q:13 beat as rapid adoption of the new G4 CGM (continuous glucose monitor) continued. In 3Q:13, DXCM managed to deliver another outsized beat vs. Street expectations—\$42.9M (+85.8%) in sales vs. us at \$36.8M and consensus at \$35.9M, representing an even more dramatic beat than what we saw in 2Q:13. With now two consecutive quarters of 10% + top-line beats, it is clear that we continue to underestimate the momentum of G4 adoption and its ability to drive meaningful market expansion. While DXCM did not raise 2013 product revenue guidance from its prior \$130M-\$140M, management noted that 4Q:13 product revenue growth should normalize in the 40%+ range (but not more than 50%)—strongly suggesting that 2013 full-year product revenues should top \$150M. With a pediatric indication and integrated CGM/pump combo product likely to hit the market by mid-2014, we are raising our 2014 sales outlook to more accurately reflect these better-than-expected dynamics.

- Reiterate MP Based on Valuation, Continue to View Long-Term Market Opportunity Favorably.
- Strong G4 Adoption Continues, 2013/14 Sales Estimates Move Higher.
- Pipeline Updates, 2014 Will Be a Busy Year.
- **2013E EPS/REV:** (\$0.55) / \$138,759.0 → (\$0.47) / \$154,286.0
- **2014E EPS/REV:** (\$0.31) / \$186,723.0 → (\$0.11) / \$212,676.0

Revenue \$ in Thousands

Foundation Medicine, Inc. (FMI) | Dan Leonard

3Q:13 a Positive Start; Reimbursement Remains Key

Outperform | **Market Cap:** \$837.9M | **Price:** \$29.82 | **Price Target:** \$39.00 → \$35.00 | **Methodology:** ~13x EV/Sept-15 TTM revenue

• **Bottom Line:** FMI's first quarter as a public company exceeded Street expectations. However, we reduced our estimates to reflect lower reimbursement. We maintain our Outperform rating but have reduced our price target to \$35 (from \$39).

- FoundationOne adoption solid during 3Q:13.
- Test penetration in the community setting just beginning.

- Further validation studies published during the quarter.
- FoundationOne Heme on track; look for physician portal enhancements in 2014.
- **2013E EPS/REV:** (\$1.71) / \$26.5 → (\$4.38) / \$28.0
- **2014E EPS/REV:** (\$1.66) / \$53.6 → (\$1.62) / \$50.8

Revenues in \$millions.

Acceleron (XLRN) | Marko Kozul, M.D.

3Q13 CC: Solid Execution, & Multiple Catalysts Ahead; Reit. OP Rating & \$33 PT

Outperform | **Market Cap:** \$548.8M | **Price:** \$19.53 | **Price Target:** \$33.00 | **Methodology:** DCF analysis

- **Bottom Line:** We believe 3Q13 EPS updates demonstrate that XLRN is on track and management executing very well straight out of the IPO gate. Additionally, we see that any potential pipeline dose escalation related sell-off concerns create an usually attractive buying opportunity given MEDACorp key opinion leaders (KOLs) suggest we are only now beginning to advance to therapeutic dose levels, and they predicted meaningful efficacy would be observed at still higher doses. For example, the KOLs predicted ([LINK](#)) Sotatercept at 0.5mg could be somewhat effective but they had robust expectations for a future 1g cohort. Nonetheless, we anticipate that the 12/9 ASH-13 abstract for β -Thalassemia will have dose escalating Hemoglobin (Hgb) increases. Early to late 2014 appears full of catalysts that could significantly drive the shares. We reiterate our Outperform rating & \$33 price target (PT).
 - MEDACorp KOLs previously set our expectations to consider the Sotatercept 0.5mg dose as minimally effective, and they have robust expectations for a future 1g cohort.
 - 2014 should be thick with catalysts for the entire pipeline.
 - XLRN reported a net loss of ~\$18.5M for 3Q13 vs. our estimate of ~\$6M with the difference primarily due to expenses associated with the increase in common warrant valuation of \$10.1M in 3Q13.
 - **2013E EPS/REV:** \$0.68 / \$67.4 → \$0.25 / \$59.4
 - **2014E EPS/REV:** (\$0.59) / \$40.0 → (\$0.52) / \$40.0
- Revenue in MM, GAAP EPS presented*

Biopharma | Howard Liang, Ph.D., Seamus Fernandez

SITC Preview Call Highlights Next Opportunities in Immunotherapy for Cancer

Outperform: BMY, CLDX

- **Bottom Line:** Yesterday we hosted a conference call with two MEDACorp immunotherapy key opinion leaders (KOLs) to provide an overview of immune-oncology ahead of the Society of Immunotherapy of Cancer (SITC) conference (Nov. 7-10) with a focus on future development beyond PD-1 and PDL-1 inhibitors. Our call highlights continued enthusiasm for expansion of immunotherapy, potentially treating the majority of tumors. As exciting as the data have been, KOLs see PD-1/PD-L1 inhibitors as only the tip of iceberg with regard to the potential of immunotherapy. Both approaches of building on PD-1 inhibitors, by combining with another checkpoint inhibitor or a co-stimulatory agonist, are viewed to have merit. While there seems to be some consensus on LAG3 and TIM3 as the "hot" next checkpoint targets, KOL comments indicate that the field is wide open on the co-stimulatory agonist side. Therefore, we believe demonstration of single-agent activity and good safety from CDX-1127's first Phase I data to be presented at SITC would position CLDX (OP) well as one of the limited number of opportunities to participate in the exciting immuno-oncology field with a biotech investment.
- Published intra-day 11/6.

Auxilium Pharmaceuticals (AUXL) | Joseph P. Schwartz

3Q Recap: Strong Accretion and Strategic Transformation from Recent Deals

Outperform | **Market Cap:** \$859.3M | **Price:** \$17.29 | **Price Target:** \$21.00 → \$22.00 | **Methodology:** Sum of the parts DCF

- **Bottom Line:** 3Q revenue of \$108.1MM beat our estimate of \$102.9MM and consensus of \$101.8MM. Testim revenue was weak as expected but this was more than offset by strength in Actient product sales. We continue to see potential upside to expectations from Actient product contributions, as well as Stendra in erectile dysfunction

(ED) and Xiaflex in Peyronie's disease (PD). We are raising our estimates to reflect the strong results this quarter as well as the addition of Stendra estimates. **Reiterate OP, raising PT to \$22 from \$21.**

- Published intra-day 11/6.
- **2013E EPS/REV:** \$1.01 / \$371.1 → \$0.54 / \$385.3
- **2014E EPS/REV:** \$0.15 / \$428.8 → \$0.77 / \$463.6

Revenues in Mil, GAAP estimates

Hospira, Inc. (HSP) | Jason M. Gerberry, JD

Good 3Q, But Remain MP As Stock Looks Fairly Valued

Market Perform | **Market Cap:** \$6,612.0M | **Price:** \$40.00 | **Price Target:** \$43.00 | **Methodology:** 14x '16E normalized EPS

• **Bottom Line** : We are modestly increasing our ests post 3Q, based on a few positive takeaways, including: (1) slightly improved outlook on HSP's ability to retain a small portion of US Precedex, based on life cycle extension; (2) opportunity for slightly better US injectable pricing; and (3) a slightly more favorable view on base biz gross margins, ex-Precedex. However, we continue to view shares as fairly valued at 14x a more normalized EPS estimate of ~\$3/shr in '16; we don't believe there are sufficient catalysts in the next 12-18 months to support a re-rating of the stock. We value shares at \$43.

- Published intra-day 11/6.
- **2013E EPS/REV:** \$2.09 / \$4,107.0 → \$2.10 / \$4,099.0
- **2014E EPS/REV:** \$2.15 / \$4,174.0 → \$2.16 / \$4,204.0

Revenues in MM.

NPS Pharmaceuticals, Inc. (NPSP) | Joseph P. Schwartz

3Q Recap: Strong Gattex Launch by All Metrics; Natpara in the Hopper

Outperform | **Market Cap:** \$2,684.1M | **Price:** \$23.88 | **Price Target:** \$47.00 | **Methodology:** sum-of-parts DCF

• **Bottom Line:** This morning NPSP reported 3Q13 revenues of \$39.2MM versus our estimate of \$33.8MM and consensus of \$38.2MM. Gattex revenues of \$11.0MM were also above our projection of \$7.0MM and consensus of \$9.5MM, and NPSP has raised full year Gattex sales guidance to \$28-\$32MM from \$25-\$30MM previously. However, we believe that the small magnitude of NPSP's revenue guidance raise (and a reiteration of 275-325 patients on drug at YE13) may have disappointed many, especially since the Street already modeled \$30.3MM in Gattex FY13 sales before the quarter was reported. Conversely, we expect NPSP to beat slightly its updated 2013 guidance, as we now project \$32.4MM in 2013 Gattex revenues. We are updating our model to reflect 3Q13 results, have increased our 4Q13 Gattex projection incrementally, **and reiterate our OP rating on NPSP and \$47 PT in 12 mo.**

- Published intra-day 11/6.
- **2013E EPS/REV:** (\$0.26) / \$137.4 → (\$0.18) / \$145.0
- **2014E EPS/REV:** \$0.41 / \$227.0 → \$0.46 / \$231.4

Revenues presented in MM

Seattle Genetics, Inc. (SGEN) | Howard Liang, Ph.D.

Solid Q3 with Increased Excitement on Early-Stage Pipeline

Outperform | **Market Cap:** \$4,689.3M | **Price:** \$38.44 | **Price Target:** \$53.00 | **Methodology:** DCF with 10% discount rate

• **Bottom Line:** SGEN reported 3Q 2013 US Adcetris sales of \$36.5M, ahead of our estimates of \$35.7M and consensus of \$35.4M. Sales grew slightly over last quarter (\$35.7M), driven by both a price increase (of 3.9% on 6/28, according to PriceRx) and growth in volume. Heading into 2014, we continue to see increasing investor focus on SGEN's rapidly expanding portfolio of proprietary clinical-stage pipeline agents and are encouraged by management commentary on SGN-CD19A, with initial data at ASH, as well as SGN-CD33A. Additionally we expect ASH data to solidify the previous signal for Adcetris in diffused large B-cell lymphoma (DLBCL) which would

represent potential expansion into a major cancer. We believe the emergence of a pipeline beyond Adcetris could shift focus from market opportunity for Adcetris to SGEN's technology platform and a sustainable pipeline. We remain OP-rated with a \$53 price target.

- Published intra-day 11/6/13.
 - **2013E EPS/REV:** (\$0.59) / \$245.4 → (\$0.62) / \$255.3
 - **2014E EPS/REV:** (\$0.57) / \$263.3 → (\$0.60) / \$270.9
- Revenues in MM; EPS are GAAP*

Research Previews

November 7, 9am EST – American Society of Hematology (ASH) abstracts released - AMBI, AMGN, ARIA, ARRY, CELG, GILD, IMGN, KBIO, NVS, ONTX, PCYC, SGEN, XLRN.

AMBI (\$14.53) – OP – Howard Liang

- We expect Ph I/II data for Quizartinib in AML at ASH.

ARRY (\$5.55) – OP – Howard Liang

- Data to look for at ASH (Dec. 7-10, 2013). ARRY submitted four abstracts to ASH and we look for updates on ARRY-50/dexamethasone, ARRY-520/Kyprolis, ARRY-520/Velcade, ARRY-164, MEK162, as well as preclinical data on ARRY-520/Pomalyst

GILD (\$67.37) – OP – Howard Liang

- GILD will have multiple submissions at ASH, but Phase III data for Idelalisib in CLL from the Study 116 could be a late breaker.

KBIO (\$3.85) – OP – Joe Schwartz

- We expect Phase I data for KB004 in hematologic malignancies at ASH.

CELG (\$144.49) – OP – Howard Liang

- Updates on MM-020 and MM-015 at the upcoming 2013 American Society of Hematology bode well for a potential approval for Revlimid in the EU in NDMM, providing long-term growth for Revlimid.

LLY (\$50.49) – OP – Seamus Fernandez

- We expect Ph III Enzastaurin (diffuse large B-cell lymphoma) data at ASH.

ONTX (\$15.35) – OP – Howard Liang

- In contrast to the higher-risk setting, more robust hematological response such as transfusion independence was seen. MEDACorp KOLs view rigosertib data in lower-risk patients to be even stronger than in higher-risk MDS. We believe upcoming ASH data could further solidify the profile.

SGEN (\$37.86) – OP – Howard Liang

- Our review of SGEN's pipeline leads us to believe that SGN-CD19A (antibody drug conjugates) could be an interesting agent to watch..

XLRN (\$19.53) – OP – Marko Kozul

- We expect Sotartercept (Beta thalassemia) interim Ph II data at ASH.

November 7 – Earnings – Before the Open

AGIO – OP – Howard Liang

Close: \$22.00, Mkt Cap: \$684M

- 3QE Leerink EPS/Rev: -\$0.24 / \$6.3M
- 3QE Street EPS/Rev: -\$0.28 / \$6.3M
- 2013E Leerink EPS/Rev: -\$1.14 / \$25.1M
- 2013E Street EPS/Rev: -\$1.29 / \$25.1M
- **CC:** 8:30am EDT; **Dial-in:** 877-377-7098, **Access Code:** 92532816

ARQL – OP – Howard Liang

Close: \$2.21, Mkt Cap: \$139M

- 3QE Leerink EPS/Rev: -\$0.13 / \$2.5M
- 3QE Street EPS/Rev: -\$0.13 / \$2.9M
- 2013E Leerink EPS/Rev: -\$0.48 / \$14.6M
- 2013E Street EPS/Rev: -\$0.46 / \$15.4M
- **CC:** 9:00am EDT; **Dial-in:** 877-868-1831, **Access Code:** --

HTWR – OP – Danielle Antaffy

Close: \$73.97, Mkt Cap: \$1,217M

- 3QE Leerink EPS/Rev: -\$0.93 / \$47.0M
- 3QE Street EPS/Rev: -\$0.82 / \$49.6M
- Our estimate assumes 480 HVAD implants in the quarter, of which 227 are U.S. (10 stocking) – a 10% sequential decline given usual seasonal 3Q weakness.
- We expect HTWR to provide greater detail into the nuances of the U.S. Bridge to Transplant launch.
- We will listen for an update on potential timing and pathway for a first-in-man clinical trial for its next-gen MVAD device.
- 2013E Leerink EPS/Rev: -\$3.20 / \$200.9M
- 2013E Street EPS/Rev: -\$3.23 / \$206.8M
- **CC:** 8:00am EDT; **Dial-in:** 877-941-8418, **Access Code:** HeartWare

MNK – MP – Jason Gerberry

Close: \$45.15, Mkt Cap: \$261M

- 3QE Leerink EPS/Rev: \$0.99 / \$575.0M
- 3QE Street EPS/Rev: \$0.85 / \$572.6M
- 2013E Leerink EPS/Rev: \$3.10 / \$2,234.0M
- 2013E Street EPS/Rev: \$2.76 / \$2,233.4M
- **CC:** 8:30am EDT; **Dial-in:** 877-703-6107, **Access Code:** 20619575

NXTM – OP – Danielle Antaffy

Close: \$12.37, Mkt Cap: \$750M

- 3QE Leerink EPS/Rev: -\$0.06 / \$65.9M
- 3QE Street EPS/Rev: -\$0.06 / \$66.6M
- We expect an update on Home Hemodialysis (HHD) market dynamics and adoption trends plus an update on the pipeline and progress on Centers of Excellence.
- Our \$265.6M (+10% y/y) 2013 sales estimate reflects a more dramatic sales ramp in 4Q as NXTM's recent growth initiatives take hold.
- 2013E Leerink EPS/Rev: -\$0.25 / \$265.6M
- 2013E Street EPS/Rev: -\$0.26 / \$265.0M
- **CC:** 9:00am EDT; **Dial-in:** 877-392-9886, **Access Code:** --

November 7 – Earnings – After the Close

AMRN – MP – Joe Schwartz

Close: \$1.40, Mkt Cap: \$242M

- 3QE Leerink EPS/Rev: -\$0.46 / \$9.0M
- 3QE Street EPS/Rev: -\$0.32 / \$10.5M
- 2013E Leerink EPS/Rev: -\$1.69 / \$26.1M
- 2013E Street EPS/Rev: -\$1.32 / \$33.9M
- **CC:** 4:30pm EDT; **Dial-in:** 877-407-8033, **Access Code:** --

BIO – MP – Dan Leonard

Close: \$122.68, Mkt Cap: \$3,510M

- 3QE Leerink EPS/Rev: \$0.92 / \$519.0M
- 3QE Street EPS/Rev: \$0.99 / \$518.7M
- We will be looking for the environment in Europe (40% of revenue), following an improvement from sales declines in 1Q13 and 2012, and whether BIO is seeing any changes in NIH intramural activity.
- We'll look for an update on balance sheet priorities given that the company repaid its high coupon debt in September and still has a sizable cash balance.
- We will also be looking for an update on the company's enterprise resource planning (ERP) initiatives and whether EBITDA guidance of 8-10% is still intact for 2013.
- 2013E Leerink EPS/Rev: \$5.09 / \$2,138.5M
- 2013E Street EPS/Rev: \$4.89 / \$2,138.7M
- **CC:** 5:00pm EDT; **Dial-in:** 866-543-6403, **Access Code:** 45118924

CFN – MP – Rich Newitter

Close: \$38.60, Mkt Cap: \$8,252M

- 3QE Leerink EPS/Rev: \$0.39 / \$824.0M
- 3QE Street EPS/Rev: \$0.39 / \$818.0M
- 2013E Leerink EPS/Rev: \$2.12 / \$3,550.0M
- 2013E Street EPS/Rev: \$2.12 / \$3,550.0M
- **CC:** 5:00pm EDT; **Dial-in:** 866-318-8616, **Access Code:** 68326717

MDRX – MP – David Larsen

Close: \$14.44, Mkt Cap: \$2,571M

- 3QE Leerink EPS/Rev: \$0.10 / \$352.0M
- 3QE Street EPS/Rev: \$0.08 / \$354.4M
- 2013E Leerink EPS/Rev: \$0.36 / \$1,402.3
- 2013E Street EPS/Rev: \$0.33 / \$1,414.2M
- **CC:** 4:30pm EDT; **Dial-in:** 877-303-0543, **Access Code:** 75102043

OGXI – OP – Howard Liang

Close: \$6.70, Mkt Cap: \$98M

- 3QE Leerink EPS/Rev: -\$0.63 / \$6.3M
- 3QE Street EPS/Rev: -\$0.71 / \$6.7M
- 2013E Leerink EPS/Rev: -\$2.24 / \$24.1M
- 2013E Street EPS/Rev: -\$2.43 / \$24.7M
- **CC:** 4:30pm EDT; **Dial-in:** 877-606-1416, **Access Code:** --

PCYC – MP – Howard Liang

Close: \$114.66, Mkt Cap: \$8,387M

- 3QE Leerink EPS/Rev: \$0.26 / \$77.8M
- 3QE Street EPS/Rev: \$0.49 / \$75.6M

- 2013E Leerink EPS/Rev: -\$1.04 / \$138.1M
- 2013E Street EPS/Rev: -\$0.15 / \$141.1M
- **CC:** 4:30pm EDT; **Dial-in:** 877-303-7908, **Access Code:** --

PODD – OP – Danielle Antalffy

Close: \$37.71, **Mkt Cap:** \$2,049M

- 3QE Leerink EPS/Rev: -\$0.15 / \$62.2M
- 3QE Street EPS/Rev: -\$0.16 / \$61.9M
- 2013E Leerink EPS/Rev: -\$0.60 / \$247.7M
- 2013E Street EPS/Rev: -\$0.64 / \$246.7M
- **CC:** 5:00pm EDT; **Dial-in:** 877-831-5664, **Access Code:** 90967619

RPTP – OP – Joseph P. Schwartz

Close: \$13.36, **Mkt Cap:** \$797M

- 3QE Leerink EPS/Rev: -\$0.26 / \$1.6M
- 3QE Street EPS/Rev: -\$0.28 / \$2.7M
- 2013E Leerink EPS/Rev: -\$1.20 / \$7.3M
- 2013E Street EPS/Rev: -\$1.23 / \$9.1M
- **CC:** 4:30pm EDT; **Dial-in:** 877-870-4263, **Access Code:** --

SLXP – OP – Jason Gerberry

Close: \$73.04, **Mkt Cap:** \$4,505M

- 3QE Leerink EPS/Rev: \$0.82 / \$230.0M
- 3QE Street EPS/Rev: \$0.85 / \$239.0M
- 2013E Leerink EPS/Rev: \$3.23 / \$918.0M
- 2013E Street EPS/Rev: \$3.22 / \$927.3M
- **CC:** 4:30pm EDT; **Dial-in:** 800-319-9003, **Access Code:** --

SNTS – MP – Jason Gerberry

Close: \$23.53, **Mkt Cap:** \$1,562M

- 3QE Leerink EPS/Rev: \$0.28 / \$96.0M
- 3QE Street EPS/Rev: \$0.26 / \$94.4M
- 2013E Leerink EPS/Rev: \$1.66 / \$365.0M
- 2013E Street EPS/Rev: \$1.67 / \$362.9M
- **CC:** 5:00pm EDT; **Dial-in:** 866-819-7280, **Access Code:** --

TSRO – OP – Howard Liang

Close: \$35.91, **Mkt Cap:** \$1,171M

- 3QE Leerink EPS/Rev: -\$0.71 / \$0.0M
- 3QE Street EPS/Rev: -\$0.72 / \$0.0M
- 2013E Leerink EPS/Rev: -\$2.68 / \$0.0M
- 2013E Street EPS/Rev: -\$2.76 / \$0.0M
- **CC:** 4:30pm EDT; **Dial-in:** 877-853-5334, **Access Code:** --

November 8 – Earnings – Before the Open

COV – OP – Rich Newitter

Close: \$65.22, **Mkt Cap:** \$30,001M

- 3QE Leerink EPS/Rev: \$0.88 / \$2,560.0M
- 3QE Street EPS/Rev: \$0.90 / \$2,560.8M
- 2013E Leerink EPS/Rev: \$3.69 / \$10,235.0M

- 2013E Street EPS/Rev: \$3.70 / \$10,236.8M
- **CC:**8:30am EDT; **Dial-in:** 877-280-4960, **Access Code:** 80544083
- 11/13:** FDA AdCom – Peripheral and Central Nervous System Drugs, SNY Lemtrada (MS)

November 13

SNY (MP) – Seamus Fernandez

Close: \$53.40, **Mkt Cap:** \$142,268M

- On 11/13 the FDA AdCom for Peripheral and Central Nervous System Drugs will review SNY's Lemtrada application for MS (expect AdCom documents two days prior).
- European Commission has recently (September 2013) approved SNY (Genzyme's) Lemtrada for (launching first in Germany), indicated for treatment of adult patients with relapsing remitting multiple sclerosis (RRMS) with active disease defined by clinical or imaging features.
- We continue to expect use to remain in patients refractory to other therapies or with very active disease.

Previous Notes

November 6

[ACOR/Analyst Day Highlights for Apmyra in PSD, rHgM22 and Pipeline Reit. OP & \\$45PT/Outperform](#), Marko Kozul
[AKRX/In-Line 3Q & Pipeline Growth Pot'l Drive Above-Group Multiple/Outperform](#), Jason Gerberry
[AZN/Increasing Pipeline Forecasts & Valuation to Better Reflect AZN's IO Prospects/Market Perform](#), Seamus Fernandez
[Biopharma/Immuno-Oncology: The Future of Cancer Treatment Is Now](#), Seamus Fernandez
[BMY/Raising Price Target to \\$58/shr to Fully Reflect Long-Term IO Positioning/Outperform](#), Seamus Fernandez
[ENDP/3Q Beat Overshadowed by Transformational Deal/Outperform](#), Jason Gerberry
[GHDX/Testing Growth Reaccelerates in 3Q:13/Outperform](#), Dan Leonard
[HSIC/3Q:13 Recap - HSIC a Steady Grower/Market Perform](#), Dave Larsen
[IMGN/Focus Shifts to Early Stage and Partnered Agents After 901 Discontinuation/Outperform](#), Michael Schmidt
[INSM/3Q13 Recap: Awaiting Pivotal NTM Data in 1Q14/Outperform](#), Joe Schwartz
[ISIS/3Q13: Collaborations Continue to Generate Cash Ahead of APOCIII/SMNRx Trials/Market Perform](#), Joe Schwartz
[JAZZ/Transitioning Coverage & Remain OP After Slight 3Q Beat & Raise/Outperform](#), Jason Gerberry

SERIES REPORTS

Rare Disease Day, Joe Schwartz

[Biotechnology/Reimbursement Panel Highlights Payor Concerns but Change Still Not Imminent](#)
[Biotechnology/Regulatory Panel Highlights Implicit Flexibility in Orphan Drug Review Process](#)
[Biotechnology/Rare Disease Day Recap: Fireside Chats Highlight Key Catalysts Ahead](#)
[Biotechnology/MEDACorp Orphan Drug Payor Survey Highlights Mostly Status Quo Going Forward](#)

Deep Dive Analyses

[NPSP/Deep Dive on Natpara for hypoPTH: NPSP is a Top Pick for 2H13/Outperform](#), Joseph Schwartz
[DYAX/Deep Dive on DX2930: Value Warranted for Novel HAE Monoclonal Antibody/Outperform](#), Joseph Schwartz
[SHPG/Deep Dive on Ph. III Pipe; Feedback on Lifitegrast Surprisingly Constructive/Outperform](#), Jason Gerberry
[VPHM/Deep Dive on Maribavir: Revamped Program Warrants Attention/Outperform](#), Joseph P. Schwartz

Recent Surveys

[HPTX/Survey Highlights Strong Ravicti Uptake and Evolving Dynamics of UCD Market/Outperform](#), Joe Schwartz
[RPTP/Survey Highlights Strong Uptake and Confirms Procsbi is Best-in-Class for NC/Outperform](#), Joe Schwartz
[3Q Survey Suggests Healthy U.S. AED Spending Trends](#), Richard Newitter

EW/TAVR Survey Suggests Possible 3Q13 Upside, Supports LT Potential/Outperform, Danielle Antalffy
 FLDM/Survey Mixed but Stem Cell Play Supports Higher Price Target/Market Perform, Dan Leonard
 FRX/Linzess Survey Supports Our >\$1B Linzess Estimate for F2019/Outperform, Seamus Fernandez
 Healthcare IT & Distribution/Ambulatory Survey Shows Integration with Hospital is Key for Large Practices, Dave Larsen
 IRWD/Linzess Survey: Physician Optimism Tempered by Perception of Modest Efficacy/Market Perform, Jason Gerberry
 US Hip/Knee Survey – 3Q Trends Stable; Insight on New Knees & SYK/MAKO Combo, Richard Newitter
 NPSP/Natpara Survey Exceeds Our Expectations; Increasing PT on Greater hypoPTH Share/Outperform, Joe Schwartz
 SLXP/Upgrading to OP; IBS Survey + Prospects for Favorable Xifaxan Label/Outperform, Jason Gerberry

White Papers

Biopharma/Future of Orphan Drugs: Neuro Nirvana, Joseph P. Schwartz - Biotechnology
 Biopharma/Future of Hepatitis C Treatment, Howard Liang, Ph.D. - Biotechnology
 Medical Devices-Cardiology/Future of Atrial Fibrillation, Danielle Antalffy - Medical Devices

Upcoming Healthcare Events

Regulatory Events

11/8: FDA Medical Devices AdCom
 11/13: FDA AdComs – Peripheral and Central Nervous System Drugs, SNY Lemtrada (MS); Vaccines and Related Biological Products

Medical Meetings

11/5-10: American Society of Nephrology
 11/7: American Society of Hematology abstracts released for 12/7-10 meeting, AMBI, AMGN, ARIA, ARRY, CELG, GILD, IMG, KBIO, NVS, ONTX, PCYC, SGEN, XLRN
 11/7-9: International Conference on Cancer-Induced Bone Disease
 11/7-9: International Society for Traumatic Stress Studies
 11/7-10: Society for Immunotherapy of Cancer, CLDX
 11/7-12: American College of Allergy, Asthma and Immunology
 11/8-12: American Society of Cytopathology
 11/9-13: Society for Neuroscience
 11/10-13: International Symposium on Familial Amyloidotic Polyneuropathy, ALNY
 11/10-14: American Association of Pharmaceutical Scientists
 11/11-14: Asican Pacific Society of Respiriology
 11/11-16: The Obesity Society
 11/13-16: Personal Genomes and Medical Genomics
 11/14-16: Association of Molecular Pathology

Corporate Events

11/13: MNK and NUVA Analyst Meetings



Disclosures Appendix

Analyst Certification

Each analyst certifies that the views expressed in this report accurately reflect their views and that no part of their compensation was, is, or will be directly related to the specific recommendation or views contained in this report.

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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OP]	111	64.90	27	24.00
HOLD [MP]	60	35.10	0	0.00
SELL [UP]	0	0.00	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.

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