

## MORNING SUMMARY

September 16, 2014

## 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>COF</b>	<b>B</b>	—	—	EPS (\$)	▲	▲	▲	▲	Industry Update
<b>DFS</b>	<b>B</b>	—	—	EPS (\$)	▲	▲	▲	▲	Industry Update
<b>ZTS</b>	<b>B</b>	—	—	Revenue (\$M)	—	—	—	—	Company Update

**Financial Services: Card Lenders: 3Q14 Loss Rates and Loan Growth Suggest Positive Consensus Estimate Revisions Could Be Ahead**

**Media and Entertainment: VIAB - BUY - Why We Believe Viacom Should Consider an Over-the-Top Option to Complement Its Current Product**

**WRG Financial Services: Update: House to Pass SIFI Insurer Bill; Senate Bigger Risk**

**WRG Politics: Inversions Legislation Ends Not With a Bang, but a Whimper (DC Download)**

## ESTIMATE CHANGES

**Card Lenders: 3Q14 Loss Rates and Loan Growth Suggest Positive Consensus Estimate Revisions Could Be Ahead**

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- Current monthly consumer card lending and asset quality trends support our BUY investment thesis for AXP, COF and DFS. As a result, we are increasing our estimates for COF and DFS, as loan growth continues to improve while credit trends in 3Q14 exceed our expectations at historically low levels.
- We are maintaining our estimates for AXP as we previously incorporated expectations for improving loan growth and continued low loss rates in our [July 9 upgrade](#). Consensus expectations for COF and DFS appear to have improved to a greater extent since earnings season.
- Card loss data for August reflect continued stability at historically low loss rates with further improvement at American Express; however, the key data point is follow-through from more pronounced improvement in July now gives us two months and we believe suggests 3Q14 estimates and consensus should increase ahead of earnings season.
- We are increasing our COF FY14 and FY15 EPS estimates by \$0.12 and \$0.25 to \$7.80 and \$7.85, respectively. Higher COF estimates reflect downward adjustments to our expected provision estimates for 2H14 and 2015 by ~10bp.
- We are increasing our DFS FY14 and FY15 EPS estimates by \$0.02 and \$0.05 to \$5.35 and \$5.73, respectively. Higher estimates reflect continued loan growth, as period-end loans increased 1.1% LM (~2% QTD), which we attribute to continued success of the Discover "it" card.
- For AXP, we are maintaining estimates, but note a 1.2% LM increase in U.S. card loans suggest success acceleration in August over the May-July period as the product launch of the Amex EveryDay card should be gaining some traction through more recent marketing initiatives.

Ticker	Price	Market Cap (M)	Rating		Price Target		Current EPS			Previous EPS		
	Share		Current	Previous	Current	Previous	2013	2014	2015	2013	2014	2015
AXP	\$87.38	\$91,449	Buy		\$109.00		4.88	5.57E	6.10E	—	—	—
COF	\$81.50	\$45,747	Buy		\$95.00		6.96	7.80E	7.85E	—	7.68E	7.60E
DFS	\$62.78	\$28,998	Buy		\$72.00		4.96	5.35E	5.73E	—	5.33E	5.68E

## COMPANY AND INDUSTRY UPDATES

### Inversions Legislation Ends Not With a Bang, but a Whimper (DC Download)

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

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The House and Senate are making their closing legislative arguments this week for the midterm elections and anti-inversion legislation will not be receiving a hearing or a vote in the Senate (and was never under consideration in the House). Between keeping the government from shutting down, approving President Obama's strategy against ISIS, and extending the Export-Import Bank, inversions have fallen to the wayside. There are two hearings in Senate Finance Committee on other matters, so there will be no mark-up or official hearing in this space. Part of this is due to timing, i.e., there is none. The House and Senate are both on the same page that this will be the final week barring any major unforeseen developments with the funding resolution or national security. More so than the lack of time is that the inversion issue did not break through in August the way many critics thought it would (the Walgreen's decision not to invert took a lot of steam out of the balloon). With Democrats in the Senate still divided on a proper course of action, the delay of Sen. Schumer's (D-NY) income stripping bill, and Senate Republicans blasting the Democrats' politicization of the issue, **the legislative track has essentially ground to a halt. This now opens up the regulatory track, though we continue to believe that this will not materialize in much other than vague mentions of future action by Treasury. Treasury's trump card on inversions is the threat of the unknown – and we fully expect the Administration to continue holding the option of unilateral action open as it creates a chilling effect in corporate boardrooms contemplating inverting.** The Organization for Economic Co-operation & Development (OECD) is scheduled to release its recommendations for the BEPS (Base Erosion and Profit Shifting) project at 8 a.m., which further reinforces our belief that Treasury will not unveil any actions this week. The whole intent of the BEPS project is for the OECD to move in a coordinated and comprehensive manner to prevent tax arbitrage and base erosion. A unilateral Treasury action on inversions would run completely counter to the multilateral, comprehensive approach of our allies at the OECD. We believe that any action would wait until October when Secretary Lew will have returned from the G-20 finance ministers meeting in Australia, where BEPS is expected to be at the top of the priority list.

### Update: House to Pass SIFI Insurer Bill; Senate Bigger Risk

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#### What is Happening

The House is set this morning to approve legislation on SIFI insurers and CLOs after the chamber debated the measure last night.

#### Our View

- The process to enact this package got messier in the past 24 hours as House and Senate Democrats appeared to dig in on procedural objections to packaging the four bills together. We find this odd as all the components enjoy broad support and Congress has a long history of combining various bills into a single package.
- We retain our odds of 70% for enactment of the SIFI insurance provision, though the odds are dropping that the entire package including CLO and mortgage provisions are included in the final bill.
- Our view remains that Congress could still pass the SIFI insurer provision in the lame duck if it fails to get the measure to the finish line before the election. Such a move would likely mean the CLO and mortgage provisions would be dropped.
- The SIFI insurer provision would benefit Prudential, MetLife and AIG, while the CLO measure would help banks that own these instruments. The mortgage measure could modestly expand the credit box and would help originators who own title insurers.

**ZTS, PAHC, KIN - BUY - Parnell F2014 Earnings Call Underscores Importance of Technology and Innovation in Animal Health****Louise Chen**

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BUY			
<b>ZTS</b>	<b>\$36.27</b>	<b>Price Target</b> \$40.00	
<b>Current Q</b>	<b>Next Q</b>	<b>Current FY</b>	<b>Next FY</b>
\$1,185.7	\$1,226.4	\$4,667.1	\$4,965.5
<b>Market Cap (M)</b>	<b>Metric</b>	<b>Mult Curr Yr.</b>	<b>Mult Next Yr.</b>
\$18,178	Rev(\$M)	-	-

This report was published on Monday, September 15, 2014.

Takeaways from Parnell's (PARN, NC, \$5.50) annual results underscore that: 1) Innovation will continue to drive growth in the companion and production animal health markets; and 2) Business development and M&A are expected to be important for companies as the Animal Health industry consolidates. We believe these trends support our positive investment theses for ZTS (BUY, \$36.27), PAHC (BUY, \$20.10), and KIN (BUY, \$10.49) and we highlight the key data points from Parnell's results that support our view.

- Osteoarthritis treatment in dog/horses is an important market in companion animal health (positive for KIN and ZTS).
  - Parnell has a suite of products focused on osteoarthritis treatment and joint health in dogs and horses. Products include Zydax (injection for treatment of osteoarthritis), Glyde (nutraceutical for joint health and cartilage repair) and Tergive (injection NSAID for pain associated with osteoarthritis). Zydax is approved overseas and Parnell plans to initiate trials for registration in the U.S. and EU. Market entry in these regions is anticipated in 2015/2016.
  - Parnell licensed two preclinical compounds from Australian-based CIMTECH Pty Ltd. PAR 121 and PAR 122 demonstrated improved speed of bone regeneration and dermal regeneration, respectively. Parnell received a license to develop the compounds for the veterinary market with the potential to also seek human drug approvals.
- Products that enhance reproductive health in cattle are valuable to dairy farmers (good for ZTS). Parnell announced positive results of a 3,500 cow efficacy study investigating the company's cattle breeding program Procept, which demonstrated increased pregnancy rates by 10% compared to conventional breeding programs.
- Digital technology for animal health care providers offers an interesting niche in the industry. Parnell also rolled out mySYNCH this quarter to dairy customers, which helps drive operational efficiencies and profits for dairy farmers (the dairy market is important for PAHC).

**VIAB - BUY - Why We Believe Viacom Should Consider an Over-the-Top Option to Complement Its Current Product****Michael Morris, CFA**

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Viacom is currently the industry leader in pay-TV audience, reaching nearly five million TV households on an average evening, based on Nielsen data. Its networks aggregate a significant share of youth, teen and young-adult viewership and are among the largest providers of content to pay-TV VOD platforms. However, the company under-indexes its peer group average on affiliate revenue per audience—an inefficiency that management has been correcting through renegotiated affiliate contracts with pay-TV partners.

At the same time, Viacom's networks have seen a higher rate of erosion in live and three-day commercial ratings than peers—we believe at least in part due to the changing consumption preferences of the company's younger skewing audience. The younger adults (aged 18-36) that comprise much of the target demographic for MTV, Comedy Central and VH1 are 25% less likely to subscribe to cable or satellite TV and twice as likely to subscribe to Netflix as their peers aged 37 and older.

Viacom already has a significant digital presence through numerous web properties and apps and recently announced an agreement with Sony to provide 22 linear channels and its VOD offering to a new cloud-based pay-TV service. We consider this a positive announcement, but believe that now is the time to further leverage the company's established digital platform to deliver an over-the-top (OTT) product for a monthly subscription fee in addition to its current offering within the pay-TV bundle and similar services like that proposed by Sony.

Because Viacom is a net subsidizer of the pay-TV ecosystem (below-average affiliate fees per audience), the prisoner's dilemma that applies to over-indexers is less relevant. In other words, if Viacom's networks at an equilibrium price per audience were to drive cord cutting, it would still be a net economic positive for Viacom, whereas it would be an economic drag for over-indexers. Regardless, we believe that relying on pay-TV providers to drive overall subscriber revenue growth and on Nielsen measurement changes to drive improved advertising trends will continue to under-value Viacom's contribution within the video consumption ecosystem.

Within this report we detail our rationale, which we believe more quickly leverages Viacom's strengths (young target demographic, recognized brands and content library) to close the monetization gap that exists in the current ecosystem. We propose a two-tiered pricing structure—one ad-supported, one ad-free—priced to compensate for the risk of loss of current affiliate and ad revenue per subscriber, adjusted for continuation of current growth trends for another three years. Further, we believe this product, if incrementally successful, will bolster investor confidence in the company's long-term cash flow potential and help close the valuation gap between Viacom and peers.

Our \$97 price target is based on 15x our calendar 2015 EPS estimate of \$6.37 and assumes that shares will hold their current forward multiple. Our

## MORNING SUMMARY

below-group-average target multiple reflects higher relative ratings risk and higher use of financial leverage. We believe our terminal value assumption would increase if Viacom were to offer a direct-to-consumer product in addition to its current traditional bundled package.

Ticker	Price	Market	Rating		Price Target		Current EPS			Previous EPS		
	Share	Cap (M)	Current	Previous	Current	Previous	2013	2014	2015	2013	2014	2015
VIAB	\$79.28	\$33,540	Buy		\$97.00		4.68	5.41E	6.20E	—	—	—

## 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
Roman Schweizer	Aerospace & Defense	New York	September 15-16
Roman Schweizer	Aerospace & Defense	Boston	September 17
Raoul LeBlanc	Natural Gas	Chicago	September 24
Chris Krueger	Politics & Fiscal Policy	Boston	September 24
Raoul LeBlanc	Natural Gas	Boston	September 25-26
Jaret Seiberg	Financial Services	West Coast	September 22-26
Jaret Seiberg	Financial Services	Kansas City	September 29
Michael LaMotte	Energy	Kansas City	September 30
Chris Krueger	Politics & Fiscal Policy	Kansas City	September 30
Chris Krueger	Politics & Fiscal Policy	Chicago	October 1
Roman Schweizer	Aerospace & Defense	West Coast	Sept 30-Oct 1
Mike Morris	Media & Entertainment	West Coast	Week of October 6
Paul Gallant	Telecom	West Coast	Week of October 13
Whitney Stanco	Energy	Midwest	Week of October 13
Whitney Stanco	Energy	West Coast	Week of November 10

### MANAGEMENT ACCESS

Name	Sector	Location	Date
Independent Bank Corp (INDB)	Financial Services	New York	September 23
Hanover Insurance Group (THG)	Financial Services	New York	September 23
Pacific Drilling (PACD)	Energy	Denver	October 6
Pacific Drilling (PACD)	Energy	Mid West	October 7-9
Pacific Drilling (PACD)	Energy	Mid-Atlantic	October 10
Atwood Oceanics (ATW)	Energy	Los Angeles	October 21
Atwood Oceanics (ATW)	Energy	San Francisco	October 22-23

### SPECIAL EVENTS AND THOUGHT LEADERS

Name	Sector	Location	Date
Matthew Spence-Depty Asst Secretary of Defense For Middle East Policy	Macro	New York	September 22
Investment Banker Conference	Macro	New York	September 23
Austan Goolsbee Dinner	Macro	Chicago	September 29
Rick Kaplan, NAB	Macro	Boston	October 1
Rick Kaplan, NAB	Macro	New York	October 2

## Equity Research: Coverage Universe

## ENERGY

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Exploration & Production	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Anadarko Petroleum Corporation	APC	Buy	\$106.24	\$140.00	\$53,754
Apache Corporation	APA	Neutral	\$97.12	\$100.00	\$37,146
Cobalt International Energy, Inc.	CIE	Buy	\$14.76	\$35.00	\$6,089
ConocoPhillips	COP	Buy	\$79.40	\$98.00	\$97,628
Devon Energy Corporation	DEV	Neutral	\$70.27	\$85.00	\$28,747
Energy XXI Limited	EXXI	Neutral	\$14.25	\$19.00	\$1,338
EOG Resources, Inc.	EOG	Neutral	\$101.91	\$116.00	\$55,791
Hess Corporation	HES	Neutral	\$97.97	\$103.00	\$30,148
Kosmos Energy Ltd.	KOS	Buy	\$10.12	\$17.00	\$3,915
Marathon Oil Company	MRO	Buy	\$39.83	\$47.00	\$26,865
Noble Energy, Inc.	NBL	Buy	\$69.48	\$90.00	\$25,133
Occidental Petroleum Corporation	OXY	Buy	\$98.29	\$123.00	\$76,630
Pioneer Natural Resources Company	PXD	Neutral	\$202.62	\$216.00	\$28,995
QEP Resources, Inc.	QEP	Buy	\$32.24	\$44.00	\$5,806
SM Energy Corporation	SM	Buy	\$86.29	\$105.00	\$5,814

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Offshore Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Atwood Oceanics, Inc.	ATW	Buy	\$44.62	\$62.00	\$2,871
Diamond Offshore Drilling Inc.	DO	Buy	\$39.42	\$60.00	\$5,406
Ensco plc	ESV	Neutral	\$46.07	\$58.00	\$10,795
Hercules Offshore, Inc.	HERO	Neutral	\$3.12	\$3.45	\$502
Noble Corp.	NE	Buy	\$25.42	\$37.00	\$6,641
Ocean Rig UDW Inc.	ORIG	Buy	\$17.59	\$28.00	\$2,320
Pacific Drilling S.A.	PACD	Buy	\$9.39	\$14.00	\$1,972
Rowan Companies Inc.	RDC	Neutral	\$28.16	\$33.00	\$3,506
Seadrill Ltd.	SDRL	Buy	\$30.12	\$50.00	\$14,852
Transocean Ltd.	RIG	Buy	\$35.56	\$55.00	\$12,879

Small/Mid Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Aker Solutions ASA	AKSO.NO	Buy	NOK 85.35	NOK 125.00	NOK 23,386
CARBO Ceramics Inc.	CRR	Neutral	\$101.53	\$140.00	\$2,346
Core Laboratories NV	CLB	Buy	\$153.68	\$185.00	\$6,827
Dril-Quip, Inc.	DRQ	Neutral	\$93.57	\$110.00	\$3,741
Forum Energy Technologies, Inc.	FET	Neutral	\$32.31	\$40.00	\$3,032
Oceaneering International, Inc.	OII	Neutral	\$66.01	\$80.00	\$7,130
Superior Energy Services, Inc.	SPN	Neutral	\$33.18	\$38.00	\$5,132

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Large Cap Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Cameron International, Inc.	CAM	Buy	\$70.91	\$90.00	\$14,388
FMC Technologies, Inc.	FTI	Buy	\$56.51	\$80.00	\$13,272
National Oilwell Varco	NOV	Buy	\$81.30	\$100.00	\$34,978
Tenaris	TS	Buy	\$45.89	\$60.00	\$27,087

Large Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Baker Hughes, Inc.	BHI	Buy	\$66.72	\$90.00	\$29,026
Halliburton Company	HAL	Neutral	\$66.28	\$80.00	\$56,373
Schlumberger, Ltd.	SLB	Buy	\$103.05	\$135.00	\$133,598
Weatherford International, Ltd.	WFT	Neutral	\$22.59	\$25.00	\$17,454

Land Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Helmerich &Payne	HP	Neutral	\$101.62	\$110.00	\$10,998
Nabors Industries	NBR	Neutral	\$24.14	\$32.00	\$7,236
Patterson UTI	PTEN	Neutral	\$31.66	\$40.00	\$4,627

SMID Cap Services and Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
C&J Energy Services, Inc.	CJES	Neutral	\$27.58	\$32.00	\$1,526
Dresser-Rand Group Inc.	DRC	Buy	\$67.99	\$100.00	\$5,209
Frank's International N.V.	FI	Buy	\$19.81	\$27.00	\$3,041
Oil States International Inc.	OIS	Neutral	\$62.80	\$65.00	\$3,396

## FINANCIAL SERVICES: BANKS

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Business Development Companies	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Apollo Investment Corporation	AINV	Neutral	\$8.72	\$9.00	\$2,064
Ares Capital Corporation	ARCC	Buy	\$16.42	\$18.50	\$5,158
Fifth Street Finance Corp.	FSC	Buy	\$9.60	\$11.00	\$1,463
Hercules Technology Growth Capital, Inc.	HTGC	Buy	\$15.02	\$17.00	\$950
Horizon Technology Finance Corporation	HRZN	Buy	\$14.40	\$15.00	\$139
KCAP Financial, Inc.	KCAP	Buy	\$8.49	\$9.00	\$286
Prospect Capital Corporation	PSEC	Buy	\$10.09	\$11.50	\$3,459
TICC Capital Corporation	TICC	Neutral	\$9.41	\$10.50	\$567

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Community and Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bridge Bancorp, Inc.	BDGE	Buy	\$25.01	\$28.50	\$291
ConnectOne Bancorp, Inc.	CNOB	Buy	\$19.32	\$24.00	\$576
FCB Financial Holdings, Inc.	FCB	Neutral	\$22.40	\$24.50	\$928
First BanCorp	FBP	Buy	\$5.13	\$6.00	\$1,091
First Financial Bancorp.	FFBC	Neutral	\$16.64	\$17.50	\$960
First Midwest Bancorp, Inc.	FMBI	Buy	\$16.85	\$20.00	\$1,268
Independent Bank Corp.	INDB	Buy	\$37.21	\$41.00	\$890
OFG Bancorp	OFG	Buy	\$15.89	\$20.00	\$716
Old National Bancorp	ONB	Neutral	\$13.53	\$15.00	\$1,553
Popular, Inc.	BPOP	Buy	\$31.56	\$39.00	\$3,266
S&T Bancorp Inc.	STBA	Buy	\$24.95	\$28.00	\$743
United Bancshares Inc.	UBSI	Neutral	\$32.61	\$32.00	\$2,256
United Community Banks Inc.	UCBI	Neutral	\$17.89	\$17.50	\$1,076
Washington Trust Bancorp Inc.	WASH	Neutral	\$34.27	\$39.00	\$573
WesBanco, Inc.	WSBC	Buy	\$30.81	\$36.00	\$902

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Card Networks & Financial Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
American Express Company	AXP	Buy	\$87.38	\$109.00	\$91,449
Capital One Financial	COF	Buy	\$81.50	\$95.00	\$45,747
Discover Financial Services	DFS	Buy	\$62.78	\$72.00	\$28,998
MasterCard Incorporated	MA	Buy	\$75.24	\$93.00	\$87,126
Visa Inc.	V	Buy	\$214.64	\$250.00	\$133,751
The Western Union Company	WU	Neutral	\$16.82	\$17.50	\$8,911

Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bryn Mawr Bank Corp.	BMTC	Buy	\$29.34	\$35.00	\$403
Flushing Financial Corp.	FFIC	Buy	\$19.21	\$23.00	\$580

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Astoria Financial Corporation	AF	Neutral	\$13.08	\$15.00	\$1,302
BankUnited, Inc.	BKU	Buy	\$32.09	\$39.00	\$3,261
Comerica Inc.	CMA	Buy	\$51.23	\$58.00	\$9,264
Community Bank System Inc.	CBU	Neutral	\$35.29	\$38.00	\$1,436
First Niagara Financial Corporation	FNFG	Neutral	\$9.01	\$9.00	\$3,201
Fulton Financial Corp.	FULT	Neutral	\$11.77	\$12.50	\$2,209
Investors Bancorp, Inc.	ISBC	Neutral	\$10.47	\$11.75	\$3,739
M&T Bank	MTB	Neutral	\$125.68	\$135.00	\$16,585
National Penn Bancshares Inc.	NPBC	Neutral	\$10.17	\$11.00	\$1,416
NBT Bancorp Inc.	NBTB	Neutral	\$23.77	\$25.00	\$1,039
New York Community Bancorp	NYCB	Neutral	\$16.32	\$16.50	\$7,224
People's United Financial	PBCT	Neutral	\$15.01	\$15.00	\$4,658
Signature Bank	SBNY	Buy	\$117.35	\$144.00	\$5,904
Sterling Bancorp	STL	Buy	\$12.86	\$14.00	\$1,075
Susquehanna Bancshares	SUSQ	Neutral	\$10.49	\$11.00	\$1,969
Valley National Bancorp	VLY	Buy	\$9.96	\$11.50	\$1,998
Webster Financial Corp.	WBS	Buy	\$30.22	\$35.00	\$2,728
Zions Bancorp	ZION	Neutral	\$29.45	\$32.00	\$5,971



## GUGGENHEIM

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## FINANCIAL SERVICES: INSURANCE

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Property/Casualty Insurance	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Ace Limited	ACE	Buy	\$105.66	\$131.00	\$35,470
American International Group	AIG	Neutral	\$55.40	\$55.00	\$79,049
AmTrust Financial Services, Inc.	AFSI	Buy	\$41.49	\$74.00	\$3,137
AON plc	AON	Neutral	\$87.30	\$85.00	\$25,357
Argo Group International Holdings, Ltd.	AGII	Neutral	\$52.80	\$49.00	\$1,373
Cincinnati Financial Corp.	CINF	Neutral	\$47.91	\$48.00	\$7,841
Horace Mann Educators Corp.	HMN	Neutral	\$29.13	\$32.00	\$1,192
Maiden Holdings, Ltd.	MHLD	Buy	\$11.81	\$16.00	\$861
Marsh & McLennan Companies, Inc.	MMC	Buy	\$52.95	\$60.00	\$28,822
Meadowbrook Insurance Group Inc.	MIG	Buy	\$6.05	\$7.50	\$303
National General Holdings Corp.	NGHC	Neutral	\$17.59	\$18.00	\$1,642
Selective Insurance Group Inc.	SIGI	Buy	\$23.50	\$27.00	\$1,325
The Allstate Corporation	ALL	Buy	\$61.62	\$77.00	\$26,706
The Hanover Insurance Group Inc.	THG	Buy	\$62.12	\$75.00	\$2,745
The Travelers Companies, Inc.	TRV	Buy	\$93.55	\$120.00	\$31,718
XL Group, Inc.	XL	Neutral	\$33.54	\$32.00	\$8,905

## HEALTHCARE

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Biotechnology	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Alexion Pharmaceuticals	ALXN	Buy	\$160.42	\$202.00	\$31,733
Amgen Inc.	AMGN	Neutral	\$137.97	\$122.00	\$104,803
Ariad Pharmaceuticals, Inc.	ARIA	Neutral	\$5.81	\$7.00	\$1,087
Biogen Idec Inc.	BIIB	Neutral	\$320.12	\$332.00	\$75,595
Biota Pharmaceuticals, Inc.	BOTA	Neutral	\$2.26	\$3.00	\$79
Celldex Therapeutics, Inc.	CLDX	Buy	\$14.23	\$32.00	\$1,272
Celgene Corporation	CELG	Buy	\$89.46	\$97.00	\$71,524
Gilead Sciences, Inc.	GILD	Buy	\$100.99	\$120.00	\$152,664
Five Prime Therapeutics, Inc.	FPRX	Buy	\$11.51	\$27.00	\$248
ImmunoGen, Inc.	IMGN	Neutral	\$10.99	\$12.00	\$944
Incyte Corporation	INCY	Buy	\$47.63	\$82.00	\$8,021
Intra-Cellular Therapies, Inc.	ITCI	Buy	\$14.22	\$25.00	\$418
Merrimack Pharmaceuticals, Inc.	MACK	Buy	\$7.28	\$14.00	\$761
Seattle Genetics, Inc.	SGEN	Neutral	\$40.82	\$39.00	\$5,039
TetraLogic Pharmaceuticals	TLOG	Buy	\$4.44	\$11.00	\$99
United Therapeutics Corporation	UTHR	Neutral	\$126.50	\$105.00	\$5,980
Verastem, Inc.	VSTM	Buy	\$9.01	\$21.00	\$233

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Specialty Pharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AcelRX Pharmaceuticals, Inc.	ACRX	Buy	\$7.33	\$15.00	\$318
Actavis, Inc.	ACT	Buy	\$234.84	\$272.00	\$62,059
Akorn, Inc.	AKRX	Buy	\$36.10	\$40.00	\$3,759
Allergan Inc.	AGN	Buy	\$168.56	\$195.00	\$51,850
Antares Pharma Inc.	ATRS	Buy	\$2.16	\$6.00	\$282
Horizon Pharma, Inc.	HZNP	Buy	\$11.57	\$31.00	\$865
Hospira Inc.	HSP	Buy	\$52.79	\$65.00	\$8,907
Impax Laboratories Inc.	IPXL	Buy	\$24.15	\$32.00	\$1,707
Jazz Pharmaceuticals plc	JAZZ	Buy	\$160.35	\$210.00	\$9,656
Kindred Biosciences, Inc.	KIN	Buy	\$10.49	\$31.00	\$207
Mylan, Inc.	MYL	Neutral	\$46.75	\$54.00	\$17,487
Orexo AB	ORX.SS	Buy	SEK 127.00	SEK 205.00	SEK 4,359
Pernix Therapeutics Holdings, Inc.	PTX	Neutral	\$6.94	\$7.00	\$264
Perrigo Co.	PRGO	Buy	\$143.68	\$195.00	\$19,227
Phibro Animal Health Corporation	PAHC	Buy	\$20.10	\$21.00	\$783
Sagent Pharmaceuticals, Inc.	SGNT	Neutral	\$30.03	\$28.00	\$958
Tetraphase Pharmaceuticals, Inc.	TTPH	Buy	\$16.72	\$25.00	\$434
Teva Pharmaceutical Industries Limited	TEVA	Neutral	\$51.38	\$55.00	\$43,879
The Medicines Company	MDCO	Buy	\$25.19	\$42.00	\$1,641
Valeant Pharmaceuticals International, Inc.	VRX	Buy	\$121.43	\$178.00	\$40,506
Zoetis Inc.	ZTS	Buy	\$36.27	\$40.00	\$18,178



## GUGGENHEIM

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## RETAIL &amp; CONSUMER

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Retail & Consumer	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Costco Wholesale Corporation	COST	Neutral	\$125.71	\$120.00	\$55,098
CVS Caremark Corporation	CVS	Buy	\$81.24	\$88.00	\$94,086
Dollar General	DG	Buy	\$63.47	\$66.00	\$19,257
Fairway Group Holdings Corp.	FWM	Neutral	\$3.89	\$6.00	\$169
Family Dollar	FDO	Buy	\$78.57	\$70.00	\$8,953
Five Below, Inc.	FIVE	Buy	\$42.63	\$57.00	\$2,315
Rite Aid Corporation	RAD	Buy	\$6.42	\$9.50	\$6,291
Safeway Inc.	SWY	Neutral	\$34.47	\$35.00	\$7,942
Sprouts Farmers Market, Inc.	SFM	Neutral	\$30.05	\$37.00	\$4,521
SuperValu Inc.	SVU	Neutral	\$9.42	\$8.00	\$2,457
Sysco Corp.	SY	Neutral	\$37.79	\$35.00	\$22,174
The Container Store Group, Inc.	TCS	Neutral	\$22.70	\$26.00	\$1,089
The Kroger Co.	KR	Buy	\$51.55	\$60.00	\$25,204
The Michaels Companies, Inc.	MIK	Buy	\$18.01	\$19.00	\$3,673
Walgreen Co.	WAG	Buy	\$62.72	\$70.00	\$59,995
Whole Foods Market Inc.	WFM	Neutral	\$37.57	\$42.00	\$13,572

## TMT: MEDIA &amp; ENTERTAINMENT, CABLE &amp; SATELLITE TV

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Media & Entertainment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AMC Networks Inc.	AMCX	Buy	\$62.05	\$70.00	\$4,473
Cablevision Systems Corporation	CVC	Buy	\$19.12	\$24.00	\$5,184
CBS Corporation	CBS	Buy	\$56.74	\$70.00	\$29,927
Charter Communications, Inc.	CHTR	Neutral	\$159.89	\$146.00	\$17,371
Comcast Corporation	CMCSA	Neutral	\$57.02	\$55.00	\$147,457
Comcast Corporation	CMCSK	Neutral	\$56.75	\$55.00	\$147,457
DIRECTV	DTV	Neutral	\$86.94	\$95.00	\$43,664
Discovery Communications, Inc.	DISCA	Neutral	\$39.35	\$45.00	\$26,425
Discovery Communications, Inc.	DISCK	Neutral	\$38.53	\$45.00	\$26,425
Dish Network Corp.	DISH	Neutral	\$65.74	\$66.00	\$30,283
News Corporation	NWSA	Neutral	\$17.05	\$19.00	\$9,807
Scripps Networks Interactive, Inc.	SNI	Neutral	\$78.13	\$82.00	\$10,948
The Madison Square Garden Company	MSG	Buy	\$66.43	\$75.00	\$5,128
The Walt Disney Company	DIS	Buy	\$90.08	\$96.00	\$154,626
Time Warner Cable Inc.	TWC	Neutral	\$154.00	\$155.00	\$43,057
Time Warner Inc.	TWX	Buy	\$76.20	\$88.00	\$65,138
Townsquare Media, Inc.	TSQ	Buy	\$11.17	\$14.00	\$186
Twenty-First Century Fox, Inc.	FOXA	Buy	\$34.91	\$42.00	\$75,664
Viacom, Inc.	VIAB	Buy	\$79.28	\$97.00	\$33,540

Source: Guggenheim Securities, LLC, Bloomberg

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			Count	Percent
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Neutral	78	42.16%	5	6.41%
Sell	0	0.00%	0	0.00%

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