



Featured Research: CERU, GSK LN, ILMN, MGNX, MYGN, NVS, TEVA, VOLC, Managed Care

Initiations: None | **Rating Changes:** None | **Price Target Changes:** NVS, GSK LN | **Estimate**

Changes: NVS, CERU, GSK LN | **MEDACorp:** ILMN

Reference Tools:

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

Leerink Events - Please contact your Leerink Partners representative for details

5/28: Corporate Access: Atricare Inc.: ATRC, Boston

5/28: MEDACorp Pulse Call: Pre-ASCO Series: Updates on Melanoma, Boston, 11:30AM EDT

5/29: Corporate Access: Stryker Corporation (SYK): SYK, Boston

5/29: Corporate Access: NanoString Technologies, Inc. (NSTG): NSTG, New York

5/29: Corporate Access: MacroGenics, Inc.: MGNX, Chicago

5/30: Corporate Access: Stryker Corporation (SYK): SYK, Toronto

6/1: MEDACorp Event: Leerink Partners Reception at ASCO 2014, Chicago, 4:30-6:00pm, Chicago

6/1: Corporate Access: Foundation Medicine: FMI, Chicago

6/2: Corporate Access: Cerulean Pharma Inc.: CERU, Chicago

6/4: Corporate Access: Nuvasive, Inc: NUVA, Boston

6/4: Corporate Access: QIAGEN N.V.: QGEN, Boston

Today's Research

illumina, Inc. (ILMN) | *Dan Leonard*

Survey Reflects Positively on Key ILMN Investment Debates

Outperform | **Market Cap:** \$23,955.0M | **Price:** \$159.70 | **Price Target:** \$180.00 | **Methodology:** ~13x EV/2015e revenue

• **Bottom Line:** We believe the most recent MEDACorp survey of nextgen sequencing (NGS) lab directors (n = 88) is supportive of a constructive view on ILMN's stock. Specifically, we think interest in NGS diagnostics as well as lack of HiSeq cannibalization are both bullish signals. We reiterate our Outperform rating on ILMN, though we acknowledge upside to our \$180 price target is more modest than a month ago.

- More researchers dabbling in diagnostics than we anticipated.
- Encouraged by lack of cannibalization.

Novartis AG (NVS) | *Seamus Fernandez*

Next Leg for NVS Keyed to LCZ696; Gleevec Settlement Stabilizes 2015 Outlook

Outperform | **Market Cap:** \$220,463.8M | **Price:** \$90.28 | **Price Target:** \$93.00 → \$104.00 | **Methodology:** DCF analysis through 2026E @ 8.25% discount rate and 0% terminal growth

• **Bottom Line:** Our bullish expectations for LCZ696 (chronic heart failure, CHF) continue to drive our positive view of NVS shares from current levels. Based on MEDACorp HF specialist feedback (click [HERE](#) for our 4/2 note), a 15%+ relative risk reduction (RRR) in cardiovascular (CV) death over and above the current standard of care (including mineralocorticoid receptor antagonists [MRAs] spironolactone & eplerenone) should allow LCZ696 to replace angiotensin converting enzyme inhibitors / angiotensin receptor blockers (ACE/ARB) therapies over time. Given ~2.7M treatment-eligible US patients and a similar prevalence in the EU, we believe our \$3.2B 2026 forecast may be conservative. Data will be presented at the European Society of Cardiology meeting in Barcelona and should be closely watched. A positive result at ESC together with optionality around interim evaluations of serelaxin's (acute HF) definitive outcomes study could have NVS quickly filling the 10-20 yr vacuum of new treatments in HF. Our forecasts do not yet factor in the impact of the swap/JV with GSK (MP), but we do include the benefits of the US Gleevec settlement with Sun Pharma. Our updated price target of \$104/shr (CHF93/shr) is based on a group WACC

of 8.25% and assumes 2% terminal growth consistent with other innovative companies in our coverage universe (vs. \$93/shr using a WACC of 8.25% & 0% terminal growth previously).

- LCZ696 data at ESC are the crux of NVS's pipeline; we remain bullish.
- Gleevec settlement provides stable EPS growth visibility in 2015E; selling the flu vaccines business is the next step.
- **2014E EPS/REV:** \$5.17 / \$58.7 → \$5.21 / \$58.6
- **2015E EPS/REV:** \$5.43 / \$59.4 → \$5.48 / \$59.6

Total Adj Global Sales in \$B.

Teva Pharmaceutical Industries Ltd. (TEVA) | Jason M. Gerberry, JD

EPO Decision a Modest Positive but Focus Is on Longer-Term Growth Drivers

Outperform | **Market Cap:** \$44,210.3M | **Price:** \$51.89 | **Price Target:** \$65.00 | **Methodology:** DCF, 8% WACC

- **Bottom Line:** Last evening's announcement that the European Patent Office (EPO) found European Patent 2,177,528 valid in an opposition proceeding is a modest positive for TEVA and could lead to incremental delays for Copaxone generics in Europe, a \$700-800m market. Similar to the US market, TEVA is proceeding with a multi-prong EU defense strategy that includes: (1) late listed patents, and (2) a potential 2H'14 introduction of the 40mg 3x-weekly formulation. The '528 patent expiring in 2025 could theoretically extend Copaxone's EU exclusivity well beyond our assumed 2H'15 generic entry, although upside is limited as: (1) consensus already forecasts a slow decline in ex-US markets with sales declining from \$1.1B in 2014 to \$630m in 2017; (2) we est. upside from every incremental \$100m in EU Copaxone sales (at 45% net margin) is only worth 5c of EPS; and (3) visibility on Synthon's mfg process is limited. There is no direct read through from today's EU patent update to the US generic situation. We remain OP-rated with a \$65 price target.
- EU patent update is a modest positive & highlights exhaustive efforts to preserve the Copaxone brand.
- Europe is TEVA's second largest market for Copaxone; Synthon appears to be the lone near-term threat.
- No updates on the US Copaxone generic situation; we est. generic delays of 1-2 months.

Volcano Corporation (VOLC) | Danielle Antalffy

AtheroMed Acquisition Facilitates Entry Into a High-Growth Atherectomy Market

Market Perform | **Market Cap:** \$960.4M | **Price:** \$18.47

- **Bottom Line:** Yesterday after the market close, VOLC announced its decision to acquire privately-held AtheroMed -- manufacturer of the Phoenix atherectomy device -- for \$115M in cash and additional milestone payments through 2017, including a \$15M payment pending FDA approval by November 15, 2014. This is clearly a strategic move by VOLC, providing a relatively inexpensive entry point into the high-growth -- we believe 10%+, but VOLC cited 7% growth annually -- atherectomy market. AtheroMed's Phoenix atherectomy device allows VOLC to leverage its existing peripheral sales force -- now at 40 reps -- to sell to existing interventional cardiology and office-based lab customers. Still, investors may balk at the dilution to be driven by the deal -- \$0.07 in 2014 to EPS and \$12M-\$13M in operating margin dilution in 2015 -- despite management's intent to offset these incremental costs through cost-cutting across other areas of the business. Ultimately though, the AtheroMed acquisition does give VOLC solid footing in a potentially large and fast-growing market that further diversifies the business away from the slower-growth coronary intravascular ultrasound (IVUS) business, with incremental sales synergies possible.
- Strategic Fit Likely a Positive Growth Contributor Longer Term.
- Dilution to Be Offset by Cost Reduction Elsewhere.
- Impact to the Atherectomy Competitive Landscape.

Cerulean Pharma Inc. (CERU) | Michael Schmidt, Ph.D.

Model Update for 1Q14 Financial Results

Outperform | **Market Cap:** \$109.3M | **Price:** \$5.75 | **Price Target:** \$13.00 | **Methodology:** DCF analysis with 16% discount rate

- **Bottom Line:** We are updating our model to reflect 1Q14 financial results provided in the 10-Q filing today. We maintain our Outperform rating and \$13 price target.
 - **2014E EPS/REV:** (\$2.45) / 0.0 → (\$2.31) / 0.0
 - **2015E EPS/REV:** (\$2.00) / 0.0 → (\$1.67) / 0.0
- GAAP EPS presented*

GlaxoSmithKline plc (GSK) | *Seamus Fernandez*

Model Update Highlights Limited Downside Risk; Anoro Launch Critical

Market Perform | **Market Cap:** 8,013,299.7pM | **Price:** 1,634.50p | **Price Target:** 1,654.00p → 1,614.00p | **Methodology:** DCF through 2026 @ 8.25% discount

- **Bottom Line:** Following our mid-Q model update, which accounts for Fx fluctuations and current Rx trends, we see limited near-term downside risk to GSK's shares given the group-high dividend yield and accretive NVS (OP) swap/share repurchase. However, the deterioration in Advair (ICS/LABA for Chronic Obstructive Pulmonary Disease [COPD]) market share is concerning in the context of a challenged Breo Ellipta (ICS/LABA for COPD, filing for asthma) launch. This puts added pressure on GSK to execute on the ongoing Anoro Ellipta launch. Feedback from clinicians at the recent American Thoracic Society (ATS) was positive on Anoro's prospects, which they currently see as a second line option after BI's Spiriva and before use of an ICS/LABA. In our view, GSK mgmt cannot afford another Breo-like launch given the strategic importance of the overall Ellipta franchise (Breo, Anoro, Umeclidinium, FF, & Vilanterol) to the company's future growth prospects. Our DCF valuation for GSK-standalone is reduced slightly from 1654p (\$55.30/ADR) to 1614p/shr (\$54/ADR); assuming completion of the swap/repurchase in early 2015, we estimate that the deal will be slightly accretive to 2015 CORE EPS, 3% accretive in 2016, and up to 11% accretive in 2020.
 - NVS swap & share repurchase estimated to be up to 11% accretive to CORE EPS in 2020.
 - Fx headwinds still pressuring GSK by 6-8% on sales and 10-12% on EPS.
 - Investors are getting paid to be patient; respiratory strategy heavily keyed to Anoro launch.
 - **2014E EPS/REV:** 100.65p / £24.5 → 100.13p / £23.7
 - **2015E EPS/REV:** 114.12p / £25.4 → 112.81p / £24.6
- Revenues in British pounds (billions).*

Managed Care | *Ana Gupte, Ph.D.*

Ascension Health in Deal Talks with 18-State Insurer; WCG or CNC Possibilities

Outperform: CNC, WCG

- **Bottom Line:** Modern Healthcare reported that at an investor conference last week, the CEO of Ascension Health, a not-for-profit Hospital and Health system, referred to being in talks on a possible deal with an unnamed 18-state health insurer. Given the focus of Ascension Health on low-income patients, we see it possible that the health insurer being referred to is a Managed Medicaid plan. Given the wide geographic footprint, we think it is likely a public company and see it as possible that this refers most likely to WCG (OP), which is in 18 states with Managed Medicaid and Medicare Advantage. CNC (OP) is also a possibility given both CNC and Ascension Health are HQ'd in St. Louis, Missouri, though CNC is already in 20 states. Such deals, if they materialize, could catalyze more Hospital-Health plan transactions and open up new possibilities for consolidation in Health Services. The news makes us more positive on our Outperform investment thesis for WCG and CNC.
- Modern Healthcare reported that at an investor conference last week, the CEO of Ascension Health, a not-for-profit Hospital and Health system, referred to being in talks on a possible deal with an unnamed 18-state health insurer.
- We see WCG as the most likely candidate, as it operates in 18 states with Managed Medicaid and Medicare Advantage in 2014.
- We would not rule out the possibility of CNC being a candidate as well, given both CNC and Ascension Health are headquartered in St. Louis, Missouri.

- Such a transaction, if it materialized, has broader implications for healthcare and could potentially catalyze a new wave of vertical consolidation across hospitals and publicly traded health plans, which has not been broadly contemplated within the investment community.
- Published 5.27.14, intra-day.

MacroGenics, Inc. (MGNX) | *Michael Schmidt, Ph.D.*

MGD010 Deal a Positive Surprise

Outperform | **Market Cap:** \$487.3M | **Price:** \$18.53

- **Bottom Line:** MGNX announced today that it has entered into an option agreement for the development and commercialization of MGD010 with Takeda. The deal came earlier than we had expected, and we view the terms as favorable for MGNX. We continue to view MGNX's diversified pipeline strategy positively since it generates several shots on goal, and it takes advantage of MGNX's innovative drug discovery and development capabilities. Reiterate Outperform rating.
- Good terms for MGNX, in our view, with \$33M in possible near-term payments.
- MGD010 deal ahead of IND filing, which is expected in 2015.
- Takeda deal further validates bispecific approach, in our view.
- Published 5.27.14, intra-day.

Myriad Genetics (MYGN) | *Dan Leonard*

Horizon BCBS to Terminate MYGN Relationship

Market Perform | **Market Cap:** \$2,551.3M | **Price:** \$33.22

- **Bottom Line:** Horizon Blue Cross Blue Shield (BCBS) announced today that it is terminating its participation agreements with MYGN ([LINK](#)). This type of activity is consistent with our view that MYGN will absorb market share and price erosion over time in its core hereditary cancer testing franchise. We reiterate our Market Perform rating on MYGN's stock.
- Horizon BCBS to terminate its participation agreement with MYGN.
- Published 5.27.14, intra-day.

Research Previews

May 29 – Earnings Before the Open

QSII – MP – Dave Larsen

Close: \$16.99, Mkt Cap: \$1,088M

- F4Q14E Leerink EPS/Rev: \$0.16 / \$114.7 M
- F4Q14E Street EPS/Rev: \$0.13 / \$111.9M
- F2015E Leerink EPS/Rev: \$0.80 / \$475.9M
- F2015E Street EPS/Rev: \$0.69 / \$463.3M
- **CC:** 10:00am EDT; **Dial-in:** 866-900-9499, **Access Code:** 42101881

June – Readout Regarding Breakthrough Therapy Status for INSM's Arikace

INSM – OP – Joe Schwartz

Close: \$13.22, Mkt Cap: \$665M

- We expect an announcement re: breakthrough therapy status for Arikace (Non-Tuberculous Mycobacteria, NTM) in June
- We believe Arikace has a good shot of being awarded breakthrough, given its ability to produce 21 culture conversions to negative after 3-6 months in NTM patients who were at least 6 months refractory to the standard-of-care.

- The FDA / EMEA also seems to be focused on culture conversion endpoint but the question will be if the Ph II data is enough for accelerated approval (AA) because that endpoint was not the trial's primary endpoint, but a secondary endpoint.
- INSM also expects to hear if it will be granted accelerated approval status around June as well and we assign AA status a 60% probability.

Previous Notes

May 27

[Biopharma/Lymphomas and CLL: Takeaways from ASCO Preview and Oncology Update Series](#), Howard Liang et al.
[Healthcare IT & Distribution/Humana's PBM Options](#), Dave Larsen
[Medical Devices-Cardiology/EuroPCR Wrap-up: TAVR Market Expansion, Sapien 3 Attracts Meaningful Attention](#), Danielle Antalffy
[Leerink Partners Comparison of TAVR Clinical Data](#), Danielle Antalffy

Pre-ASCO Series

[Biopharma/Breast Cancer: Takeaways from ASCO Preview and Oncology Update Series](#), Howard Liang et al.
[Biopharma/Lung Cancer: Takeaways from ASCO Preview and Oncology Update Series](#), Seamus Fernandez et al.
[Biopharma/Leukemias and MDS: Takeaways from ASCO Preview and Oncology Update Series](#), Howard Liang et al.
[Biopharma/Genitourinary Cancer: Takeaways from ASCO Preview and Oncology Update Series](#), Howard Liang et al.
[Biopharma/Lymphomas and CLL: Takeaways from ASCO Preview and Oncology Update Series](#), Howard Liang et al.
 · Wednesday, May 28 @ 11:30 AM -- Updates on Melanoma
 · *Please contact your Leerink Partners representative for details*

ASCO Previews

[Flash -- AZN/When & What to Expect Next From AZN: ASCO Press Program and Late-Breakers/Outperform](#), Seamus Fernandez
[Biotechnology/Highlights of ASCO Abstracts in Our Biotech Coverage](#), Howard Liang
[Biotechnology/ASCO Abstracts: INCY, ARRY Intriguing; Minor Updates for IMGN, EXEL, CERU, KPTI](#), Michael Schmidt
[Biopharma/2014 ASCO Itinerary Planner](#), Howard Liang
[Biopharma/ASCO Immuno-oncology Abstract Titles: Who's Presenting What in a Heated IO Race](#), Seamus Fernandez
[Biopharma/ASCO Abstract Takeaways: IO Tide Is Rising, But No Clear Winner](#), Seamus Fernandez et al.
[ARIA/1Q:14 Iclusig Sales Roughly in line; ASCO Data to Shed Light/Market Perform](#), Howard Liang
[BMJ/From Here to ASCO: What Moves the Needle for BMJ/Outperform](#), Seamus Fernandez
[Healthcare/Catalyst Tracker Previews ASCO and Top Catalysts - 4.28.14](#), Alice Avanian
[INCY/1Q14 Recap - Expect Jakafi Rebound in 2Q; Key ASCO Presentations Next/Outperform](#), Michael Schmidt
[INCY/Building the Next Oncology Powerhouse; Initiate with OP/Outperform](#), Michael Schmidt
[Life Science Tools and Diagnostics/ASCO Abstracts Highlight Debates on GHDX, NSTG, FMI](#), Dan Leonard
[LLY/ASCO Expectations Still Low for SQUIRE, Rising for REVEL/Outperform](#), Seamus Fernandez
[LLY/Post 1Q14 Spotlight on Ph III Lung Cancer Studies at ASCO/Outperform](#), Seamus Fernandez
[RXDX/On Track Clinical Development, ASCO To Provide More Color on Clinical Activity/Outperform](#), Howard Liang

[TSRO/Checks on IO Portfolio Supportive; ASCO to Provide Newsflow on NK-1 and PARP/Outperform](#), Howard Liang
[Updated: CLVS/ASCO CO-1686 Abstract Appears Encouraging vs. Competition; Reit. OP & \\$122 PT/Outperform](#), Marko Kozul

[XLRN/Provocative Dalantercept ASCO Abstract, Expect Much More at Meeting; Reit \\$52PT/Outperform](#), Marko Kozul

[XLRN/3 ASCO Pipeline Presentations & Other Important 2Q14 Catalysts; Reit OP & \\$52PT/Outperform](#), Marko Kozul

HUM's PBM Options

[HUM/Unlocking Value from the HUM PBM: Deal Accretion Estimates/Outperform](#), Ana Gupte

[Healthcare IT & Distribution/Humana's PBM Options](#), Dave Larsen

[HUM/Mgmt Mtg Takeaways: '14E EPS Achievable; Meaningful '15E Upside; New \\$140 PT/Outperform](#), Ana Gupte

Recent Surveys

1. [KYTH/MCP Survey: Bullish Physician Sentiment for ATX-101 Unchanged; We're Buyers/Outperform](#), Seamus Fernandez

2. [Biopharma/Survey Finds Frequent Off-Label Use of Sovaldi & Projects Cont'd Market Growth](#), Howard Liang

3. [CBST/Survey Predicts Better-Than-Expected Sivextro Pricing vs. Generic Zyvox/Outperform](#), Marko Kozul

4. [Medical Devices-Orthopedics/1Q Hip/Knee Survey Highlights Anticipated Seasonality; We Still Like Ortho](#), Rich Newitter

5. [TAVR Survey: Suggests Potentially Higher 1Q14 Volumes, Rapid MDT Share Gains](#), Danielle Antalffy

Long Shelf Life Reports

[P&A V - Partnerships & Acquisitions in Biopharma: Our New Top Ten List](#), Joe Schwartz et al.

[BMRN/Deep Dive on BMN111: Compelling Logic/Early Efficacy Warrant Investor Attention/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

White Papers

[Biotechnology/Future of Treatment of Cystic Fibrosis](#), Howard Liang

[Specialty Pharmaceuticals/ Generics/Future of Respiratory Generics - Next Major Generic Product Class](#), Jason Gerberry, JD

[Medical Devices-Orthopedics/The Future Of Growth & Innovation In US Extremities Ortho Reconstruction](#), Rich Newitter

[Biotechnology/Future of Dynamic Multiple Sclerosis Landscape](#), Marko Kozul, M.D.

[Healthcare IT & Distribution/The Future of HCIT Population Health Management](#), Dave Larsen

[Life Science Tools and Diagnostics/The Future of DNA Sequencing](#), Dan Leonard - Life Science Tools and Diagnostics

[Biopharma/Future of Cancer Treatment - Immuno-Oncology](#), Seamus Fernandez

[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

6/4: FDA Science Board
6/6: FDA AdCom: Ophthalmic Devices
6/10: OREX Contrave (obesity) PDUFA
6/10: FDA AdCom: Med. Devices Dispute Resolution
6/11-12: FDA AdCom: Anesthetic and Analgesic Drug Products
6/12: FDA AdCom: Devices & Radiological Health - Drug Coated Balloons, BCR
6/17: FDA AdCom: Gastro-enterology and Urology Devices
6/20: CBST Sivextro (ABSSSI) PDUFA
6/25: FDA AdCom: Oncologic Drugs, AZN olaparib, ovarian cancer

Medical Meetings

5/30-6/3: American Society of Clinical Oncology
6/4-7: Joint International Congress of Liver Transplantation Society, European Liver and Intestine Transplant Association and the Liver Intensive Care Group of Europe
6/5-7: Transcatheter Valve Therapies
6/6-9: Association for Professionals in Infection Control and Epidemiology
6/7-11: American Medical Association, European Academy of Allergy and Clinical Immunology, Society of Nuclear Medicine and Molecular Imaging
6/11-13: European League Against Rheumatism, European Cystic Fibrosis Society
6/12-15: European Hematology Association
6/13-17: American Diabetes Association
6/15-19: American Society for Mass Spectrometry
6/16-19: New Clinical Drug Evaluation Annual Meeting
6/16-19: American Society of Psychopharmacology, ALKS
6/18-21: American Orthopaedic Association/Canadian Orthopaedic Association Joint Meeting
6/18-21: European Heart Rhythm Association EUROSPACE
6/18-21: Int'l Society for Computer Assisted Ortho Surgery
6/18-21: International Society for Stem Cell Research
6/21-24: ENDO 2014
6/21-25: American Society for Virology
6/22-25: Healthcare Financial Management Association
6/23-26: Int'l Society on Thrombosis and Haemostasis
6/25-26: Bone Research Society
6/25-28: Federation of Clinical Immunology Societies
6/26-28: International Cancer Care Symposium
6/26-27: Plasma Protein Forum
6/26-29: American Headache Society

Corporate Events

6/1: TSRO investor briefing 7:15pm
6/2: MRK Investor mtg at ASCO at 6pm CST
6/2: Investor mtgs: ARIA, BCR, QSII, KPTI
6/2: THRX restructuring effective
6/3: LLY investor meeting at ASCO, 2pm
6/4: WAG monthly sales release, Next up: 6/24 earnings release
6/5: Investor mtgs: MDRX (Population Health), MDT
6/9: MDCO Angiomax (ACS) v. MYL
6/11: XNPT Board Representation Proxy Vote
6/13: Investor Meeting: CNC, 8am
6/16: LLY conference call from ADA, 9:30am

6/17: ACT/FRX M&A shareholder vote

6/17: Investor Meetings: MGLN, 8:30am, NVS Day 1, 12:30pm

6/18: Investor Meeting: NVS Day 2, 10:30am

6/24: WAG earnings release

7/3: WAG monthly sales

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.

Distribution of Ratings/Investment Banking Services (IB) as of 03/31/14				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OP]	131	68.23	46	35.11
HOLD [MP]	61	31.77	3	4.92
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.

Important Disclosures

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