



MARKET DATA

Commodity	Future Px	Net Chg
WTI Crude (\$/bbl)	96.16	0.58
Brent Crude (\$/bbl)	105.46	(0.64)
Natural Gas (\$/mmBTU)	4.01	(0.74)
Gold (\$/oz)	1,468.00	0.26
Silver (\$/oz)	23.96	(0.25)
Copper (\$/mt)	6,820.75	6.24
Aluminum (\$/mt)	1,778.50	4.06
Nickel (\$/mt)	15,159.50	3.73
Zinc (\$/mt)	1,853.00	3.80
China Rebar (¥/mt)	3,592.00	0.31
China Hot Roll Coil (¥/mt)	3,685.00	(0.11)
Corn (¢/bushel)	636.50	(3.74)
Soybean (¢/bushel)	1,369.25	(1.30)
Wheat (¢/bushel)	702.75	(2.53)

Index	Price	Net Chg
S&P	1,617.50	0.19
Russell 2000	959.80	0.56
Nasdaq	3,392.97	0.42
FTSE 100	6,521.46	0.35
CAC 40	3,907.04	0.38
DAX	8,112.08	0.50
OBX	447.79	(0.20)
Nikkei	14,180.24	3.55
Shanghai Composite	2,235.57	0.20
Kospi	1,954.35	(0.36)

Bberg Mid Sulfur II	45.15	0.00
Bberg PA Railcar	64.10	0.00
Bberg Sulfur Compliance	67.27	0.00
TED Spread	0.20	(16.58)

Currency	Price	Net Chg
Japanese Yen	99.08	0.25
European Euro	1.31	0.02
British Pound	1.55	0.02
Canadian Dollar	1.01	0.00
Chinese Renminbi	6.15	0.21
Norwegian Kroner	5.84	(0.11)

Treasury	Price	Yield
10 Year	102.15	1.76
2 Year	99.82	0.22

Source: Bloomberg
Prices are as of the prior day's close.
*Currency prices are as of 5am EST

Morning Call

July 30, 2013

TODAY'S HEADLINES

BLUEBIRD BIO INC (BIOTECHNOLOGY)

Initiation: Gene Therapy Has Come Of Age

Ticker BLUE | Rating Outperform | Price Target \$44.00

Eric Schmidt, Ph.D. | eric.schmidt@cowen.com | 1 (646) 562-1345

We are initiating coverage of bluebird bio with an Outperform rating. bluebird's gene therapies have produced proof-of-concept data in two orphan disorders. We view shares as 40-45% undervalued.

[Link to Report](#)

US AIRWAYS GROUP, INC. (AIRLINES)

US Airways: Another Step Forward

Ticker LCC | Rating Outperform | Price Target \$21.00

Helane Becker | Helane.Becker@cowen.com | 646.562.1399

The EU Commission is expected to approve the merger of US Airways and AMR Corp. The US Department of Justice and US Bankruptcy court should be the next to approve the merger. We expect the merger to close in early 4Q, slightly later than management's expectations.

[Link to Report](#)

ADDITIONAL RESEARCH

DYNAX TECHNOLOGIES (BIOTECHNOLOGY)

Reports Q2:13 Financials

Ticker DVAX | Rating Outperform | Price Target \$4.87

Phil Nadeau, Ph.D. | phil.nadeau@cowen.com | 1 (646) 562-1336

DVAX ended Q2:13 with \$89MM in cash. We suspect investors will need clarity on the design of Heplisav's next Ph. III before interest returns. Nonetheless, we believe that Heplisav will ultimately make it to market and that it is worth >\$4/share. We think Dynavax is undervalued and remain at Outperform.

[Link to Report](#)

ENSCO INTERNATIONAL INC. (OFFSHORE DRILLING)

Ensco 2Q13 Earnings at a Glance

Ticker ESV | Rating Market Perform | Price Target \$60.00

J.B. Lowe, CFA | JB.Lowe@cowen.com | 646.562.1406

We believe Ensco's 2Q13 earnings release has modestly positive implications for the stock.

[Link to Report](#)

Please see addendum of this report for important disclosures.

**EXPRESS SCRIPTS (PBMS)****2Q13 Results and Outlook Solid, But CFO Transition Comes As Surprise****Ticker [ESRX](#) | Rating [Outperform](#) | Price Target [\\$74.00](#)**Charles Rhyee | charles.rhyee@cowen.com | 1 (646) 562-1376

Strong 2Q results and the tick-up in guidance will likely be overlooked near-term by the sudden announcement of a CFO transition. But we believe investors will eventually focus (and should) on the L-T growth drivers the company will outline in greater detail Tuesday morning on its earnings call.

[Link to Report](#)**LAM RESEARCH (SEMICONDUCTOR CAPITAL EQUIPMENT)****FQ4:13 (Jun) Earnings Preview****Ticker [LRCX](#) | Rating [Outperform](#) | Price Target [\\$50.00](#)**Timothy Arcuri | timothy.arcuri@cowen.com | 1 (415) 646-7217

Unlike KLAC which guided CQ3 below despite strong memory orders, we expect LRCX to guide shipments about flat or maybe up just a touch meaning Street numbers are fine w/maybe a few pennies of upside. Maintain Outperform.

[Link to Report](#)**LUMINEX (LIFE SCIENCE TOOLS)****Q2 Update Likely Falls Short of Heightened Expectations****Ticker [LMNX](#) | Rating [Underperform](#) | Price Target [\\$16.50](#)**Doug Schenkel | doug.schenkel@cowen.com | 1 (617) 946-3918

LMNX reported Q2:13 results in-line with expectations but effectively lowered FY revenue guidance to the lower end of the previous range for reasons not exclusive to reimbursement. With shares up 40% since May 1, expectations were high, and therefore the update is likely to be viewed as disappointing.

[Link to Report](#)**SCORPIO TANKERS INC. (OIL)****Raising Target to \$13 on Continued MR Strength****Ticker [STNG](#) | Rating [Outperform](#) | Price Target [\\$13.00](#)**Sam Margolin | Sam.Margolin@cowen.com | 646.562.1415

We are increasing our target on STNG to \$13, with increasing confidence in MR day rate assumptions given expectations for sustained triangulation of the Atlantic market.

[Link to Report](#)**SONUS NETWORKS (DATA NETWORKING & WIRELINE EQUIPMENT)****2Q13 Earnings: SBC Rev Growth Remains Solid; But Already Priced In****Ticker [SONS](#) | Rating [Market Perform](#) | Price Target [\\$3.25](#)**Paul Silverstein | paul.silverstein@cowen.com | 1 (646) 562-1340

While we increased our rev estimates by 5% for CY14 & 15, our EPS estimates remain essentially unchanged. We see risk-reward in SONS's shares as relatively balanced. At 6.5x our CY14 SBC rev estimate, we think the 50% appreciation in the shares over past 3 months discounts SONS's strong recent SBC execution.

[Link to Report](#)

**SUNESIS PHARMACEUTICALS (BIOTECHNOLOGY)****LI-1 Disappoints, But Focus Remains On VALOR****Ticker [SNSS](#) | Rating [Outperform](#) | Price Target [NA](#)**Eric Schmidt, Ph.D. | eric.schmidt@cowen.com | 1 (646) 562-1345

Yesterday, SNSS announced that the Phase II LI-1 vosaroxin monotherapy trial in elderly AML did not reach the interim efficacy hurdle for expansion. While disappointing, this does not alter our positive view towards the more important, pivotal VALOR trial result due out in H1:14.

[Link to Report](#)**SUPERIOR ENERGY SERVICES, INC. (OILFIELD SERVICES)****Superior Energy Services: Q2 Earnings at a Glance****Ticker [SPN](#) | Rating [Outperform](#) | Price Target [\\$34.00](#)**James Crandell | James.Crandell@cowen.com | 646.562.1403

We expect Superior Energy Services' earnings release will have modestly negative implications for the stock.

[Link to Report](#)**VERTEX (BIOTECHNOLOGY)****Reports Q2; Kalydeco's Non-G551D Gating Mutation Ph. III Succeeds****Ticker [VRTX](#) | Rating [Market Perform](#) | Price Target [\\$87.94](#)**Phil Nadeau, Ph.D. | phil.nadeau@cowen.com | 1 (646) 562-1336

Kalydeco had a very strong quarter, already penetrating most of the G551D E.U. market. As expected, its Ph. III in non-G551D gating mutations succeeded. VX-135's recent stumble makes the release of VX-809's Ph. III data next year that much more pivotal for VRTX. We remain at Market Perform.

[Link to Report](#)



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Addendum

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Outperform (1): The stock is expected to achieve a total positive return of at least 15% over the next 12 months

Market Perform (2): The stock is expected to have a total return that falls between the parameters of an Outperform and Underperform over the next 12 months

Underperform (3): Stock is expected to achieve a total negative return of at least 10% over the next 12 months

Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

Outperform (1): Stock expected to outperform the S&P 500

Neutral (2): Stock expected to perform in line with the S&P 500

Underperform (3): Stock expected to underperform the S&P 500

Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period

Cowen Securities, formerly known as Dahlman Rose & Company, Rating System until May 25, 2013

Buy – The fundamentals/valuations of the subject company are improving and the investment return is expected to be 5 to 15 percentage points higher than the general market return

Sell – The fundamentals/valuations of the subject company are deteriorating and the investment return is expected to be 5 to 15 percentage points lower than the general market return

Hold – The fundamentals/valuations of the subject company are neither improving nor deteriorating and the investment return is expected to be in line with the general market return

COWEN AND COMPANY RATING ALLOCATION

Distribution of Ratings/Investment Banking Services (IB) as of 06/30/13

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	380	58.37%	48	12.63%
Hold (b)	247	37.94%	2	0.81%
Sell (c)	24	3.68%	1	4.17%

(a) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's rating definitions. (b) Corresponds to "Market Perform" as defined in Cowen and Company, LLC's ratings definitions. (c) Corresponds to "Underperform" as defined in Cowen and Company, LLC's ratings definitions.

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