

LEERINK SWANN MORNING ROUNDS

Today's Highlights

January 2, 2014

Featured Research: KPTI

Initiations: None | **Rating Changes:** None | **Price Target Changes:** KPTI | **Estimate Changes:** KPTI
| **MEDACorp:** None

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

1/6: Analyst Conference Call: 2014 Outlook: Key Value Drivers Intact; ACA's Uncertainty To Abate By Midyear, Boston, 2:00PM EST

Today's Research

Karyopharm Therapeutics, Inc. (KPTI) | *Michael Schmidt, Ph.D.*

3Q13 Model Update

Outperform | **Market Cap:** \$680.7M | **Price:** \$22.92 | **Price Target:** \$23.00 → \$26.00 | **Methodology:** DCF, 12% discount rate, 6x terminal value

• **Bottom line:** We are updating our estimates to reflect 3Q13 financial results. KPTI's pipeline remains on track with Phase Ib Selinexor updates expected in 2014. KPTI reported EPS of (\$3.66) and ended the third quarter with \$52.9M in cash and equivalents excluding net proceeds of \$113.7M from the IPO in 4Q13. We are increasing our one-year price target to \$26/share (from \$23) based on our updated model. Reiterate Outperform rating.

- KPTI reported EPS of (\$3.66) in 3Q13 and ended the quarter with \$52.9M in cash and equivalents.
- Updates from now five Phase Ib dose-expansion cohorts
- Increasing one-year price target to \$26 from \$23 previously.
- **2013E EPS/REV:** (3.22) / 0.8 → (3.42) / 0.6
- **2014E EPS/REV:** (1.38) / 1.0 → (1.33) / 1.0
GAAP EPS.

Research Previews

January 14 – AZN Forxiga (type 2 diabetes) PDUFA

AZN – MP – Seamus Fernandez

- **Close: \$59.37, Mkt Cap: \$74,324M**
- US Forxiga approval is crucial to AZN and we believe widely expected.
- Our confidence heading into the dapagliflozin (aka Forxiga; SGLT2 Inhibitor for type 2 diabetes) 1/14/14 PDUFA date stems from: (a) FDA AdCom's near-unanimous vote that the benefits of dapagliflozin outweigh the potential risks, (b) the previous Forxiga approval in the EU, and (c) last year's approval of JNJ's (OP) Invokana.
- We model \$160M in 2014E growing to \$1,450M in 2020E.

Previous Notes

ASH Reports

[Highlights of Weekend Presentations from ASH 2013](#)

[ASH ALN-CC5 NHP Data in Competitive Drug Range; Reit. OP & \\$82PT](#)

[Biopharma/Takeaways from pre-ASH KOL Dinner on Lymphomas and CLL](#)

[Updated - Biopharma/2013 ASH Itinerary Planner](#)

[Biopharma/ASH Preview Series: CAR T Cell Therapy Enthusiasm Warranted in Liquid Tumors](#)

[Biopharma/Takeaways from ASH Preview Call on Multiple Myeloma](#)
[Biopharma/Takeaways from ASH Preview Call on Leukemias and MDS](#)
[Biopharma/Takeaways from ASH Preview Call in Lymphomas and CLL](#)

White Papers

[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/Immuno-Oncology: The Future of Cancer Treatment Is Now](#), 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

Deep Dive Analyses

[Medical Devices-Orthopedics/CAOS Highlights: Hip/Knees, Tissue Balancing & Robotics -- SYK, ZMH, WMGI, MAKO](#), Richard Newitter
[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

[Managed Care/Commercial Insurance Survey Points to Unprecedented Price Hardening for 2014](#), Ana Gupte
[HPTX/Survey Highlights Strong Ravicti Uptake and Evolving Dynamics of UCD Market/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

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](#)

Upcoming Healthcare Events



Regulatory Events

1/14: AZN Forxiga (type 2 diabetes) PDUFA

Medical Meetings

1/6-9: International Association for the Study of Lung Cancer/American Association for Cancer Research

1/8-11: American Association for Hand Surgery

1/9-11: Boston Atrial Fibrillation Symposium

1/9-13: Society of Critical Care Medicine

Corporate Events

1/7: LLY guidance call

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 09/30/13				
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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