



Featured Research: ABT, ABT, BIIB, DRNA, MDCO, MNK, STJ, STJ, TMO, VCYT

Initiations: None | **Rating Changes:** MDCO | **Price Target Changes:** MDCO, ABT | **Estimate**

Changes: MDCO, ABT, STJ | **MEDACorp:** MDCO, BIIB, MNK

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

4/17: MEDACorp Pulse Call: Acthar Gel: Growth Prospects in Rheumatic Indications, Boston, 12:00PM EDT

Today's Healthcare Events

Company Conference Call: ELOS, UltraShape Approval

EPS Before the Open: BAX, UNH

EPS After the Close: ATHN, CPHD

Today's Research

The Medicines Company (MDCO) | *Joseph P. Schwartz*

Our IP Litigation Deep Dive Points to Raised N-T Uncertainty; Downgrading to MP

Outperform → Market Perform | **Market Cap:** \$1,718.1M | **Price:** \$24.90 | **Price Target:**

\$30.00 → \$27.00 | **Methodology:** DCF with 10% discount rate and 1% terminal growth

• **Bottom Line:** We are downgrading MDCO shares to Market Perform from Outperform after speaking with multiple MEDACorp patent specialists on MDCO's appeal prospects for the HSP decision and its trial with MYL, scheduled to begin on June 9. We come away from our due diligence with caution that added downside to the Street's 2015/16 Angiomax estimates exists if the upcoming MDCO v. MYL trial enables a MYL g-Angiomax launch in mid-2015, which KOLs believe is a distinct possibility based on the judge's claims construction and the recent HSP trial decision. We think the other key driver for MDCO shares is the pipeline's commercial potential; yet we do not expect the Street to resolve its questions on the L-T potential of follow-on products until they begin to generate substantial P&L impact. Our PT declines to \$27 from \$30/share.

- Specialists are cautious on MDCO's prospects for appeal in the HSP case.
- The next catalyst in Angiomax litigation is a trial with MYL, slated to begin on June 9th.
- Near term, we see a low probability (25%) that the FDA approves Cangrelor on the 4/30 PDUFA after a negative Advisory Panel.

• **2015E EPS/REV:** \$1.12 / \$716.3 → \$1.09 / \$755.7

Revenues are in \$MM. EPS estimates are GAAP

Biogen IDEC, Inc. (BIIB) | *Marko Kozul, M.D.*

Recent BIIB Hemophilia News & Upcoming Catalysts; Reiterate OP and \$351 PT

Outperform | **Market Cap:** \$68,964.2M | **Price:** \$291.48 | **Price Target:** \$351.00 | **Methodology:** 22.3x 2015E EPS

• **Bottom Line:** Recent Alprolix US approval, encouraging Elocbate Kids-A Long top-line data, and MEDACorp KOL feedback lead us to believe BIIB is building a very solid foundation for future growth of its Hemophilia franchise (see our [2.12.14 Medical Devices/Biopharma MEDACorp Survey note](#)). A positive surprise to us was a seamless approval of Alprolix for pediatric patients <12 years of age based on 23 patients of data. We view Elocbate pediatric Kids A-Long results as differentiated by no inhibitor formation to an average 25 weeks, median Annualized Bleeding Rate (ABR) of 0% for spontaneous bleeds, and consistent increase in half-life (1.5x) across a range of population ages.

Multiple upcoming 2014 data presentations for important pipeline compounds (i.e., anti-LINGO, Daclizumab and ISIS-SMN-Rx [MP]) should diversify risk away from Tecfidera and provide near-term share price upside expansion potential. We would take advantage of recent market volatility and we reiterate an Outperform (OP) rating and \$351 price target (PT).

- Alprolix seamlessly received FDA approval (end 1Q14) for Hemophilia-B (Hem-B) adult, adolescent, and pediatric patients, and the label does not preclude use in previous untreated patients (PUPs).
- Elocate's recent pediatric Kids A-Long results appear differentiated by no inhibitor formation (avg. 25 weeks), median ABR of 0% for spontaneous bleeds, and consistent increase in half-life (1.5x) across population ages.
- Updates at AAN-2014 (April 29-30) should begin a season of important pipeline updates beyond Tecfidera.

Dicerna Pharmaceuticals, Inc. (DRNA) | *Michael Schmidt, Ph.D.*

Phase I DCR-MYC Study Initiated on Schedule

Outperform | **Market Cap:** \$290.1M | **Price:** \$16.30

• **Bottom Line:** DRNA today announced the initiation of a Phase I dose-escalating clinical study of DCR-MYC (DCR-M1711), in patients with solid tumors, multiple myeloma, or lymphoma. Recall management guided to a 2Q14 launch of the study. We view the FDA acceptance of the IND filing as an incremental milestone for DRNA's RNAi platform. Recall DRNA's drugs are based on its proprietary dsRNA payloads formulated with its proprietary delivery technology, and the company has thus far conducted preclinical studies in animal models, including non-human primates. **Reiterate Outperform rating.**

- Initiation of first-in-man study for DRNA's first Dicer-substrate is an incremental milestone for DRNA's technology platform, in our view.
- We believe positive data from this first-in-man Phase I trial expected in 2015 could significantly derisk DRNA's platform.
- Next up: Initiation of a Phase I hepatocellular carcinoma (HCC) study in Asia in 2H14.

Mallinckrodt Plc (MNK) | *Jason M. Gerberry, JD*

Ofirmev IP Update: Summary Judgment Likely to Be Denied; Expect July Trial

Market Perform | **Market Cap:** \$3,586.6M | **Price:** \$62.16 | **Price Target:** \$68.00 | **Methodology:** ~12x Pro Forma F2015E EPS of \$5.68

• **Bottom Line:** Next up in the Ofirmev patent challenge (Fresenius case) is a court ruling on FRE's summary judgment motion (SJM) to de-list the '218 mfg process patent. We expect a decision imminently and expect FRE's motion to be denied. Even if FRE is successful in getting the court to order '218 de-listed from the Orange Book, MNK could still pursue an injunction. We continue to believe ([LINK](#)) FRE has a strong case of non-infringement on the formulation patent ('222), but we ultimately give the slight edge to MNK prevailing on the longer-lived mfg process patent ('218). Post QCOR, we expect Ofirmev's F'17E EPS contribution to drop to 8-10% from ~20%. Tomorrow (12:00 PM ET) we will host a Pulse Call with two MEDACorp specialists (a managed care KOL and a Rheumatology KOL) to discuss the commercial outlook for Acthar, MNK/QCOR's largest earnings contributor. Maintain MP rating and \$68 PT.

- We expect the FRE SJ motion to be denied; decision likely to come very soon
- Motion for SJ appears to be attempt to gain leverage in settlement discussion; pathway to settlement looks challenging

Veracyte, Inc. (VCYT) | *Dan Leonard*

Plenty of Catalysts on Deck; Reiterate Outperform

Outperform | **Market Cap:** \$283.2M | **Price:** \$13.36 | **Price Target:** \$23.00 | **Methodology:** ~7.0x EV/2015E revenues

• **Bottom Line:** Following recent due diligence, we continue to believe our forecasts for VCYT are attainable and the company has a number of near-term catalysts which could improve stock sentiment, including a product line

extension in thyroid and proof-of-concept data in lung, both anticipated before May-end. We continue to rate VCYT Outperform with a \$23 price target, and consider the stock our top small cap idea for investors not bothered by liquidity.

- 2014 forecasts attainable, in our view; several levers to drive 2H volume acceleration.
- Afirma Malignant Classifier to offer incremental value to base Afirma brand, in addition to modest revenue opportunity.
- More visibility on lung pipeline on deck.
- Blues the high priority on the payer front.

Abbott Laboratories (ABT) | Danielle Antaffy

2014: Conservative EPS Guidance Leaves Flexibility to Drive Meaningful Upside

Market Perform | Market Cap: \$59,412.2M | **Price:** \$38.38 | **Price Target:** \$40.00 → \$42.00 | **Methodology:** ~17x our \$2.45 2015 EPS estimate

• **Bottom Line:** In 1Q14 ABT delivered a solid EPS beat driven by better-than-expected positive operating leverage in what should prove to be its most-growth challenged quarter -- setting the company up for what we believe could be a dramatically improving top-line growth story in 2H14 and into 2015. That -- coupled with ABT's impressive positive operating leverage -- also leaves meaningful room for upside to the company's reiterated \$2.16-\$2.26 2014 EPS growth guidance. Management clearly seems to be taking a conservative stance by not raising 2014 EPS guidance despite the \$0.06 beat given: (1) what will likely prove to be another transitional quarter in 2Q; (2) approximately half of the EPS beat was driven by expense timing that will now shift to later quarters; and (3) possible reinvestment in upcoming new product launches and initiatives to potentially drive an even faster sales recovery.

- Reiterate MP, Raise Price Target to \$42.
- 2H Growth Reacceleration Story Becoming More Visible.
- Estimates Basically Unchanged.
- **2014E EPS/REV:** \$2.20 / \$22,380.0 → \$2.20 / \$22,202.0
- **2015E EPS/REV:** \$2.46 / \$23,463.0 → \$2.45 / \$23,300.0

Revenues in MM.

St. Jude Medical, Inc. (STJ) | Danielle Antaffy

2014 Outlook: Improving Sales and EPS Growth Ahead With Potential for Upside

Outperform | Market Cap: \$17,929.6M | **Price:** \$62.04 | **Price Target:** \$75.00 | **Methodology:** ~17x 2015E EPS

• **Bottom Line:** STJ shares sold off a bit yesterday despite delivering what we believe were solid 1Q14 results with both sales and EPS coming in ahead of expectations. The breadth and depth of STJ's pipeline is impressive, with a number of "shots on goal" to build a foundation for accelerating sales growth, including most importantly: 1) CardioMEMS' CHAMPION heart failure monitoring system, a \$500M-\$1B+ opportunity with mid-2014 U.S. approval likely; 2) Nanostim leadless pacer, a \$700M WW market opportunity with a 2H14 full EU launch; 3) Nanostim Dual Chamber leadless pacer, a \$3B market opportunity in early stages of development; and 4) Multiple new product launches in the ~\$3B EP/AF (Electrophysiologist/Atrial Fibrillation) market growing 9%-11% annually. And with an improving top-line driven by new product launches, STJ expects to drive 2015 sales growth in the mid- to high-single-digit range -- potentially above our current ~5% projection -- while also realizing increasingly positive operating leverage.

- Recent Pullback Creates an Attractive Entry Point, Reiterate OP rating and \$75 Price Target.
- Poised for Continued Traction in a Seemingly Sustainable CRM Market Recovery.
- 2014 & 2015 Estimate Adjustments.
- **2014E EPS/REV:** \$3.97 / \$5,655.0 → \$3.98 / \$5,702.0
- **2015E EPS/REV:** \$4.36 / \$5,928.0 → \$4.36 / \$5,979.0

EPS includes stock compensation expense.

Thermo Fisher Scientific Inc. (TMO) | Dan Leonard**LIFE (TMO) Results Suggest Good Momentum Heading into 2014**

Outperform | Market Cap: \$47,716.4M | **Price:** \$119.71 | **Price Target:** \$136.00 | **Methodology:** ~15x EV/2015e EBITDA (ex options)

- **Bottom Line:** LIFE's 4Q results suggest good momentum heading into 2014 and augment our view that the company's acquisition and integration by TMO will be successful. We reiterate our Outperform rating and \$136 price target on TMO, and we consider the stock one of our top ideas in large cap Life Science Tools and Diagnostics.
- 2013 annual disclosure suggests strong 4Q revenue beat vs consensus.

Abbott Laboratories (ABT) | Danielle Antalfy**1Q14 Quick Reaction: Very Strong EPS Beat on Modest Sales Miss**

Market Perform | Market Cap: \$59,499.0M | **Price:** \$37.97

- **Bottom Line:** This morning, ABT delivered a very strong 1Q14 EPS beat -- \$0.41 vs. us at \$0.35 and the Street at \$0.36 and well ahead of the company's \$0.34-\$0.36 guidance. The beat was largely driven by positive operating leverage, as 1Q14 sales came in modestly below expectations. 1Q14 sales of \$5.244B (-2.5%, +0.5% ex. FX) missed estimates only modestly -- coming in slightly below us at \$5.297B and consensus at \$5.280B. While this now represents the company's 5th consecutive sales miss since spinning off ABBV [NR], the level of the miss has moderated vs. last quarter -- potentially suggesting that perhaps trends are moving in the right direction. More importantly, ABT delivered another solid quarter of positive operating leverage with both SG&A and R&D coming in well below our and the Street's expectations. Still, this strong EPS beat did not prompt ABT to raise 2014 EPS guidance which remains \$2.16-\$2.20. This suggests to us that ABT management is baking in some level of conservatism, likely driven primarily by timing of what seems to be a back-end loaded sales recovery.
- Conference Call begins at 9AM. Dial In: (773) 799-3472 PW: Abbott Earnings.
- 2014 EPS Guidance Reiterated.
- Revenues and EPS of \$5.244/\$0.41 vs. our \$5.30B/\$0.35 & Street's
- Published 4.16.14.

St. Jude Medical, Inc. (STJ) | Danielle Antalfy**1Q14 Quick Reaction: A Solid Quarter as Guidance Moves Up a Penny**

Outperform | Market Cap: \$18,586.7M | **Price:** \$63.22

- **Bottom Line:** This morning, STJ reported solid 1Q14 results with sales of \$1.36B (+2%, +4% ex. FX) well ahead of our \$1.33B (-0.3% ex. FX) estimate but basically in line with consensus. 1Q14 EPS of \$0.96 (+4%, +9% ex. FX) beat both us and the Street by a penny -- and came in at the high end of management's \$0.94-\$0.96 guidance range -- driven primarily by strong sales as broad-based strength across its businesses offset any potential weakness in MedTech utilization trends related to weather. Most importantly STJ increased both 2014 sales and EPS guidance, highlighting what we believe is management's confidence in sustained momentum from here. Notably, STJ delivered particularly strong U.S. ICD results -- +5% y/y vs. our projected 1% growth -- suggesting that: (1) Perhaps the U.S. ICD market continued to recover faster than expected; and (2) STJ continues to gain market share with Quadra. We believe STJ results will be viewed positively in general, with investor focus likely falling on potential upside to guidance for the remainder of the year predicated primarily on: (1) A continued ICD market recovery; and (2) Likely CardioMEMs approval by mid-year, of which guidance currently assumes just a \$15-\$20M sales contribution.
- Conference Call begins at 8AM. Dial In: (866) 393-8590 PW: 19284898.
- 2014 Guidance Moves Slightly Higher.
- Revenues/EPS of \$1.36B/\$0.96 vs. our \$1.33B/\$0.95 & Street's \$1.36B/\$0.95.
- CRM Beat Driven By Strong U.S. ICDs.
- Published 4.16.14.

Research Previews

April 17 – Earnings Before the Open**BAX – OP – Danielle Antalfy****Close: \$73.45, Mkt Cap: \$37,768M**

- 1Q14E Leerink EPS/Rev: \$1.02 / \$3,862.0M
- 1Q14E Street EPS/Rev: \$1.08 / \$3,875.4M
- 2014E Leerink EPS/Rev: \$5.13 / \$16,519.0M
- 2014E Street EPS/Rev: \$5.14 / \$16,580.5M
- **CC:** 8:30am EDT; **Dial-in:** 866 837-9782, **Access Code:** --

UNH – MP – Ana Gupte**Close: \$78.19, Mkt Cap: \$74,396M**

- 1Q14E Leerink EPS/Rev: \$1.17 / \$32,667.0M
- 1Q14E Street EPS/Rev: \$1.09 / \$32,030.2M
- Potential for beat with conservative pricing in both Medicare and Commercial coupled with conservative guidance and consensus.
- 2014E Leerink EPS/Rev: \$5.57 / \$131,476.0M
- 2014E Street EPS/Rev: \$5.60 / \$129,208.4M
- **CC:** 8:45am EDT; **Webcast:** Unitedhealthgroup.com, **Access Code:** --

April 17, 8:30am, EDT – ELOS Conference Call re: UltraShape Approval**ELOS – OP – Rich Newitter****Close: \$11.10, Mkt Cap: \$400M**

- See our note: [Flash -- ELOS/UltraShape Approval Adds a New Entrant in US Non-invasive Fat Arena/Outperform](#)
- **Dial-in:** (877) 359-9508, Passcode: 31286954.
- **Webcast:** www.investors.syneron.com

April 17 – Earnings After the Close**CPHD – MP – Dan Leonard****Close: \$47.59, Mkt Cap: \$3,200M**

- 1Q14E Leerink EPS/Rev: -\$0.18 / \$103.9M
- 1Q14E Street EPS/Rev: -\$0.17 / \$104.9M
- Update on CT/NG adoption including the ramp in CT/NG consumable pull-through, as well as competitive wins from other platforms (e.g., BD, Gen-Probe, Roche).
- We'll also be listening for the company's progress on the launch of Xpert MTB/RIF rapid TB test in the U.S, and whether the test is driving Commercial systems placements. We'll also look for early feedback on CPHD's HPV launch in Europe.
- Update on expansion of high burden developing country (HBDC) opportunity beyond South Africa and into China, India and Brazil.
- Whether the virology assays (HCV and HIV) are on track for a 4Q14 launch.
- 2014E Leerink EPS/Rev: -\$0.19 / \$455.3M
- 2014E Street EPS/Rev: -\$0.24 / \$457.6M
- **CC:** 5:00pm EDT; **Dial-in:** 888 371-8897, **Access Code:** --

ATHN – OP – Dave Larsen**Close: \$147.87, Mkt Cap: \$5,020M**

- 1Q14E Leerink EPS/Rev: \$0.17 / \$164.6M
- 1Q14E Street EPS/Rev: \$0.16 / \$170.0M

- The driver of the stock this quarter in our view will be bookings growth, commentary around an enterprise-coordinator deal and the possible development of a "full" hospital inpatient solution, doc-adds, and 2014 guidance.
- We are modestly worried about bookings growth heading into the quarter, given commentary around the unfavorable impact of the ICD10 delay, and a lack of (large) enterprise deal announcements in 1Q:14.
- 2014E Leerink EPS/Rev: \$1.05 / \$750.0M
- 2014E Street EPS/Rev: \$1.08 / \$751.2M
- **CC:** 4/18, 8:00am EDT; **Dial-in:** 877 853-5645, **Access Code:** 11893618

April 22 – Earnings Before the Open

CNC – OP – Ana Gupte

Close: \$56.95, Mkt Cap: \$3,261M

- 1Q14E Leerink EPS/Rev: \$0.44 / \$3,127.0M
- 1Q14E Street EPS/Rev: \$0.42 / \$3,254.0M
- Excluding the Health Insurer Provider Fee (HIPF), we see CNC as most likely to have an in-line quarter among the Medicaid names, as both Medicaid expansion and Public Exchanges remain very modest drivers for this name.
- 2014E Leerink EPS/Rev: \$3.66 / \$14,398.3M
- 2014E Street EPS/Rev: \$3.60 / \$14,523.5M
- **CC:** 8:30am EDT; **Dial-in:** 877 270-2148, **Access Code:** --

April 22 – Earnings After the Close

AMGN – MP – Howard Liang

Close: \$115.54, Mkt Cap: \$86,085M

- 1Q14E Leerink EPS/Rev: \$1.80 / \$4,639.0M
- 1Q14E Street EPS/Rev: \$1.93 / \$4,749.8M
- 2014E Leerink EPS/Rev: \$8.12 / \$19,529.0M
- 2014E Street EPS/Rev: \$8.14 / \$19,618.1M
- **CC:** 5:15pm EDT; **Dial-in:** 877 233-5736, **Access Code:** 10552700

BCR – MP – Rich Newitter

Close: \$139.26, Mkt Cap: \$10,372M

- 1Q14E Leerink EPS/Rev: \$1.86 / \$790.5M
- 1Q14E Street EPS/Rev: \$1.86 / \$789.2M
- 2014E Leerink EPS/Rev: \$8.25 / \$3,259.0M
- 2014E Street EPS/Rev: \$8.19 / \$3,262.5M
- **CC:** 5:00pm EDT; **Dial-in:** 800 288-8967, **Access Code:** --

CBST – OP – Marko Kozul

Close: \$63.93, Mkt Cap: \$5,126M

- 1Q14E Leerink EPS/Rev: \$0.36 / \$290.9M
- 1Q14E Street EPS/Rev: -\$0.04 / \$284.0M
- 2014E Leerink EPS/Rev: \$1.10 / \$1,264.3M
- 2014E Street EPS/Rev: \$0.35 / \$1,241.3M
- **CC:** 5:00pm EDT; **Dial-in:** 855 319-7654, **Access Code:** 12504774

ILMN – OP – Dan Leonard

Close: \$136.22, Mkt Cap: \$14,098M

- 1Q14E Leerink EPS/Rev: \$0.42 / \$388.7M
- 1Q14E Street EPS/Rev: \$0.44 / \$391.6M

- We believe expectations for ILMN are high for ILMN, and we are looking for a top-line beat and bullish commentary for 2014.
- We will be trying to assess how the company is executing multiple product launches; also assessing cannibalization versus market expansion.
- We will look for an update on the noninvasive prenatal testing (NIPT) market given Verinata's recent publication in the NEJM.
- 2014E Leerink EPS/Rev: \$2.01 / \$1,653.0M
- 2014E Street EPS/Rev: \$2.06 / \$1,677.7M
- **CC:** 5:30pm EDT; **Dial-in:** 888 679-8033, **Access Code:** 81417326

ISRG – MP – Rich Newitter**Close: \$415.13, Mkt Cap:** \$14,672M

- 1Q14E Leerink EPS/Rev: \$3.19 / \$465.4M
- 1Q14E Street EPS/Rev: \$3.32 / \$513.7M
- On 4/8, ISRG preannounced 1Q revenue of \$465M (-24% y/y) vs. the St's \$535M and our \$529M estimates.
- This included system sales of \$106M (-59%) on 87 units placed (ours: 102), procedure growth of 7% (vs. our ~12%), and Service revenue of \$104M.
- P&L metrics were not provided, but based on the reported sales figure--and leaving our expense structure assumptions unchanged--we estimate 1Q EPS of \$3.29 vs. the St's \$3.50 (ours: \$3.73).
- The company also took a pre-tax charge of \$67M to settle several litigation cases associated with recalls related to the Monopolar Curved Scissors.
- 2014E Leerink EPS/Rev: \$13.78 / \$2,170.8M
- 2014E Street EPS/Rev: \$14.38 / \$2,219.2M
- **CC:** 4:30pm EDT; **Dial-in:** 800 230-1092, **Access Code:** --

April 23 – Earnings Before the Open**BIIB – OP – Marko Kozul****Close: \$291.48, Mkt Cap:** \$68,964M

- 1Q14E Leerink EPS/Rev: \$2.53 / \$1,936.0M
- 1Q14E Street EPS/Rev: \$2.56 / \$1,997.5M
- 2014E Leerink EPS/Rev: \$11.16 / \$8,715.0M
- 2014E Street EPS/Rev: \$11.32 / \$8,629.0M
- **CC:** 8:00am EDT; **Dial-in:** 877 650-1145, **Access Code:** --

MDCO – MP – Joseph Schwartz**Close: \$24.90, Mkt Cap:** \$1,718M

- 1Q14E Leerink GAAP EPS/Rev: -\$0.05 / \$175.1M
- 1Q14E Street GAAP EPS/Rev: -\$0.06 / \$175.0M
- 2014E Leerink GAAP EPS/Rev: -\$0.22 / \$758.7M
- 2014E Street GAAP EPS/Rev: -\$0.13 / \$755.5M
- **CC:** 8:30am EDT; **Dial-in:** 877 359-9508, **Access Code:** 27882505

TMO – OP – Dan Leonard**Close: \$119.71, Mkt Cap:** \$40,304M

- 1Q14E Leerink EPS/Rev: \$1.39 / \$3,913.7M
- 1Q14E Street EPS/Rev: \$1.40 / \$3,740.0M
- This will be the first quarter with Life Technologies as a consolidated entity, so we anticipate an update on the integration.
- We're interested in the underlying trends in the LIFE businesses & the outlook for 2014 (+2-3 organic growth expected). We'll also keep our eyes peeled for an Ion Torrent update but don't expect one.

- We'll look for an update on margin expansion, conditions in key end markets and geographies given TMO's breadth.
- 2014E Leerink EPS/Rev: \$6.80 / \$16,915.6M
- 2014E Street EPS/Rev: \$6.85 / \$16,741.5M
- **CC:** 8:30am EDT; **Dial-in:** 877 312-9206, **Access Code:** --

April 23 – Earnings After the Close

SYK – OP – Rich Newitter

Close: \$79.05, Mkt Cap: \$28,403M

- 1Q14E Leerink EPS/Rev: \$1.08 / \$2,339.0M
- 1Q14E Street EPS/Rev: \$1.09 / \$2,322.9M
- In mid-March, we adjusted our SYK 1Q revenues/EPS slightly downward to reflect commentary at AAOS suggesting inclement winter weather in much of US could shift some surgeries from the 1Q further into 2014.
- Our FY2014 estimates were unchanged.
- 2014E Leerink EPS/Rev: \$4.85 / \$9,599.0M
- 2014E Street EPS/Rev: \$4.84 / \$9,590.3M
- **CC:** 4:30pm EDT; **Dial-in:** 800 708-4540, **Access Code:** 36936589

Previous Notes

April 16

[Life Science Tools and Diagnostics/Market Volatility Inconsistent with Expected 1Q Results](#), Dan Leonard
[Biopharma/IO Series: Highlights from Our Kidney Cancer/Melanoma KOL Discussion](#), Seamus Fernandez
[Biopharma/IO Series: Highlights from Our Glioblastoma \(GBM\) KOL Discussion](#), Seamus Fernandez
[ATHN/We Are Long-Term Buyers of ATHN, But Cautious Ahead of 1Q/Outperform](#), Dave Larsen
[JNJ/Pharma Momentum Continues To Build, Near-Term Outlook Likely Conservative/Outperform](#), Danielle Antalffy

Updated Models: [JNJ - Model](#)

MEDACorp Pulse Calls - Immuno-oncology (I/O) Series

[Biopharma/IO Series: Highlights from our Lymphoma KOL Discussion](#), Seamus Fernandez, Howard Liang, Michael Schmidt
[Biopharma/IO Series: Highlights from Our Kidney Cancer/Melanoma KOL Discussion](#), Seamus Fernandez, Howard Liang
[Biopharma/IO Series: Highlights from Our Glioblastoma \(GBM\) KOL Discussion](#), Seamus Fernandez

EASL (4/9-13) Wrap-up

[Biopharma/EASL Presentation Takeaways and KOL Feedback - Game May Not Be Over in HCV](#), Howard Liang

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

Recent Surveys

[AEGR/Juxtapid Survey Shows Slower NT Growth, but We See Solid LT Uptake/Outperform](#), Joe Schwartz
[TEVA/Signs of Cash Flow Stability Suggest M&A Activity Likely to Accelerate/Outperform](#), Jason Gerberry
[Managed Care/Broker Survey Points to Stable Market for 2014, Shifts to Exchanges in 2015](#), Ana Gupte

[KYTH/Survey Reactions to ATX-101 Validate Expectations for Successful 2015 Launch/Outperform](#), Seamus Fernandez

[Medical Supplies and Devices/Hemophilia Physician Survey: BAX Share Loss Likely in Line with Estimates](#), Danielle Antalffy

[Pharmaceuticals/ Major/MEDACorp Diabetes Survey: Solid SGLT2 Prospects & A Tough Januvia \(MRK\) Outlook](#), Seamus Fernandez

[Life Science Tools and Diagnostics/Survey Offers Mixed Feedback on Forthcoming Sequencing Demand](#), Dan Leonard

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/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

Leerink Partners 2014 Global Healthcare Conference

[Managed Care/Takeaways from our 2014 GHC Conference: Panel on Exchanges](#), Ana Gupte

[Medical Supplies and Devices/Takeaways from 2014 Leerink Global Healthcare Conference](#), Antalffy/Newitter

[Pharmaceuticals / Major/Takeaways from Our 2014 Global Healthcare Conference](#), Seamus Fernandez

[Biopharma/Takeaways from Our 2014 Global Healthcare Conference: Immuno-oncology](#), Fernandez/Liang/Schmidt

[Biopharma/Takeaways from our Global Healthcare Conference - The Hepatitis C Panel](#), Howard Liang

[Biotechnology/Takeaways from our 2014 Global Healthcare Conference](#), Michael Schmidt

[Biotechnology/Takeaways from our 2014 Global Healthcare Conference](#), Joe Schwartz

[Biotechnology/Takeaways from our 2014 Global Healthcare Conference](#), Marko Kozul

[Specialty Pharmaceuticals/Takeaways from our 2014 Global Healthcare Conference](#), Jason Gerberry

[Life Science Tools and Diagnostics/Takeaways from our 2014 Global Healthcare Conference: Clinical NGS](#), Dan Leonard

[HCIT/Takeaways from our 2014 Global Healthcare Conference](#), Dave Larsen

Upcoming Healthcare Events

Regulatory Events

4/21: FDA AdCom: Pediatric Drugs

4/22: FDA AdCom: Aesthetic and Analgesic Drugs

4/24: FDA AdCom: Neurologic Devices, HOLX

Medical Meetings

4/21: ASCO abstract titles available

4/23-26: National Kidney Foundation, XLRN

4/24-29: American Society for Aesthetic Plastic Surgery

4/25-26: Transcatheter Heart Valve Symposium

4/25-29: American Society of Cataract & Refractive Surgery

4/26-27: American Academy of Periodontology

4/26-30: American Congress of Obstetricians and Gynecology

4/26-5/3: American Association of Neurology, CYTK, ISIS

Corporate Events

4/17: ELOS conference call re: UltraShape

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.

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