



Featured Research: ALKS, ATHN, BMRN, ESRX, IDIX, IMGN, PBYI, RXDX, SNSS, Biopharma, Biotechnology, Medical Devices-Cardiology

Initiations: RXDX | **Rating Changes:** None | **Price Target Changes:** ALKS, IDIX | **Estimate Changes:** ALKS, IDIX, PBYI, BMRN | **MEDACorp:** RXDX, Medical Devices-Cardiology, Biopharma

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

4/9: Corporate Access: Hyperion Therapeutics Inc: HPTX, New York

4/11: MEDACorp Event: UPDATES FROM EASL 2014, London

4/14: Corporate Access: Veracyte Inc: VCYT, New York

4/15: Corporate Access: Veracyte Inc: VCYT, Connecticut

4/15: Corporate Access: Veracyte Inc: VCYT, New York

4/16: Corporate Access: MacroGenics (MGNX): MGNX, Los Angeles

4/16: Corporate Access: MacroGenics (MGNX): MGNX, San Diego

Today's Research

Ignity, Inc. (RXDX) | *Howard Liang, Ph.D.*

Novel Targeted Therapy with First Mover Advantage; Initiating Coverage with OP

Outperform | **Market Cap:** \$130.9M | **Price:** \$6.68 | **Price Target:** \$14.00 | **Methodology:** Probability-weighted DCF analysis

• **Bottom Line:** We are initiating coverage on RXDX with an Outperform rating and \$14 price target. Given many precedent cases, we believe RXDX's targeted therapy in oncology has a better-than-average chance of success despite that the lead compound RXDX-101 is still in early stage development. Additionally, focus on the newly emerged Trk oncogenic driver may provide first-mover advantage in targeted therapy in non-small cell lung cancer (NSCLC).

- RXDX-101 appears to be a potent pan-Trk, ROS1 and ALK inhibitor.
- Trk is an emerging oncogenic target and RXDX has first mover advantage.
- ROS1 initial market potential could be bigger than Trk; however, RXDX-101 development lags behind.
- Potential to cross BBB could be a differentiating factor.
- Technology platform provides integrated Rx/Dx strategy.
- **2014E EPS/REV:** (\$1.61) / 0.0
- **2015E EPS/REV:** (\$1.92) / 0.0

Medical Devices-Cardiology | *Danielle Antalffy*

U.S. Survey: CoreValve Data Poised to Drive Share Shifts and Ramp Volumes

Outperform: EW | **Market Perform:** MDT

• **Bottom Line:** Following MDT's CoreValve High Risk pivotal trial data presentation at the American College of Cardiology (ACC) annual meeting two weeks ago, we commissioned a MEDACorp survey of 25 U.S. interventional cardiologists in an attempt to gain some perspective on physician reaction to the data and how this may change physician views on future market dynamics. With this positive data now in hand, the two key takeaways from our survey – which represented ~13% of 2013 U.S. TAVR volumes based on our estimates – are: 1) CoreValve is well-positioned now to potentially gain even more market share among these particular physicians than before the High Risk data; and 2) TAVR volumes should benefit overall, with these physicians also now expecting to do significantly higher volumes in 2014/2015/2016 than previously. While this survey and the positive High Risk data are both clearly

encouraging for MDT's CoreValve and its competitive positioning, we believe the data more importantly validates TAVR in a more moderate risk patient population – potentially driving faster adoption in these patients and thus sustainable double-digit market growth over the longer term beyond our current expectations for the U.S. market to grow at a ~25% CAGR over the 2013-2017 timeframe.

- Reiterate EW at OP, MDT at MP.
- Post-High Risk Data, Physicians Now Forecast Higher CoreValve Market Share.
- Positive High Risk Data Could Also Meaningfully Boost TAVR Volumes.

Biopharma | *Howard Liang, Ph.D., Jason M. Gerberry, JD*

IP Analysis Points to Potential Overlap with Form A as Key Part of CELG Case

Outperform: ACT, CELG, MYL, NVS, TEVA

- **Bottom Line:** As the Markman hearing for Revlimid patent litigation approaches, we provide an updated analysis on Revlimid IP. Based on our analysis, we believe CELG (OP) has a very good case against generic challengers Natco/ACT (OP) due to the overlap between Natco Form I and CELG's Form A that we first identified. While the upcoming appellate court decision in the Nuvigil case should be watched, we see important differences with the Revlimid case. Regardless of the ruling, we continue to believe Revlimid is protected through some time between 2023 and 2027.
- Our previous technical analysis concluded that Natco's Form I contains CELG's Form A as its biggest component.
- Our further analysis leads us to believe that the overlap between Natco's Form I and CELG's Form A that we discovered could be highly relevant to CELG's case and the litigation.
- Markman hearing (claim construction, or definition of) appears unlikely to determine the outcome of the case in our opinion.
- Although a sweeping ruling in the Nuvigil case could potentially affect CELG, there are a number of important differences between the Revlimid and Nuvigil cases.
- Since our last update, CELG has continued to shore up its 3 layers of protection on Revlimid.

athenahealth, Inc. (ATHN) | *David Larsen, CFA*

OIG Opinion Reversal Requires ATHN to Tweak Coordinator Pricing Model

Outperform | **Market Cap:** \$5,609.0M | **Price:** \$146.45 | **Price Target:** \$200.00 | **Methodology:** 8x '15E revenue/share of \$25

- **Bottom Line:** Yesterday, ATHN announced that the OIG (Office of the Inspector General) terminated its advisory opinion that was the basis for the current athenaClinicals and athenaCoordinator order based pricing model. The original OIG opinion was issued on 11/30/11 and allowed ATHN to set up an order based pricing model for athenaClinicals where an ordering physician pays a \$1 fee for closed loop orders sent to an out-of-network receiver, but orders sent to an in-network receiver were paid for by the receiver. After re-evaluating its conclusion, the OIG determined that the payment model could potentially induce referral volume to in-network receivers, presenting a conflict under the anti-kickback statute. In response to the new OIG opinion, ATHN will begin charging the same order fee (\$1) to send both in-network and out-of-network orders. We believe ATHN will continue to see robust growth in its Coordinator network and while the OIG's new opinion reduces some of ATHN's pricing structure flexibility, overall it is not expected to be material to earnings.
- Change in athenaCoordinator pricing not
- athenaCoordinator platform still alive and well

ImmunoGen, Inc. (IMGN) | *Michael Schmidt, Ph.D.*

Incremental Pipeline Updates at AACR

Outperform | **Market Cap:** \$1,208.2M | **Price:** \$13.84 | **Price Target:** \$21.00 | **Methodology:** Sum-of-the-parts DCF

- **Bottom Line:** IMGN presented data from several early-stage programs at AACR, including details on the adjusted dosing method for IMGN853. IMGN853's adjusted ideal body weight dosing approach is shown to moderate pharmacokinetic variability, with positive implications for ocular toxicity. Preclinical efficacy for IMGN289 in cells resistant to EGFR tyrosine kinase inhibitors (TKIs) is highlighted. Also, a novel payload technology using a DNA-alkylating agent shows promise in both liquid and solid tumors. Reiterate OP; our price target remains \$21.
- IMGN853 adjusted ideal body weight dosing approach appears to moderate pharmacokinetic variability and ocular AEs.
- Additional IMGN289 preclinical efficacy in cells resistant to EGFR tyrosine kinase inhibitors (TKIs) is highlighted.
- New payload technology shows promise in both liquid and solid tumor models.

Biotechnology | *Joseph P. Schwartz*

Biotechnology 1Q:14 Earnings Preview

Outperform: AEGR, AMAG, AUXL, BMRN, HPTX, MDCO, NPSP, REGN, RPTP | **Market Perform:** AMRN, DYAX, UTHR

- **Bottom Line:** In this note we lay out our expectations for 1Q:14 results at the 12 commercial-stage biotechnology companies in our coverage universe.
- AEGR (OP): We project \$32.4MM in 1Q14E Juxtapid sales versus \$33.6MM consensus.
- AMAG (OP): We model \$22.5MM in 1Q14E revenues versus \$21.7MM consensus.
- AMRN (MP): We estimate \$11.5MM in 1Q14E Vascepa sales which is below the \$11.7MM modeled by consensus.
- AUXL (OP): We model 4Q13 sales of \$104.7MM (versus consensus of \$109.6MM), and our estimate is comprised of \$21.1MM of Xiaflex, \$36.0MM of Testim, \$44.3MM from Actient products and \$3.2MM of Stendra.
- BMRN (OP): We model BMRN 1QE revenues and EPS of \$144.7MM and (\$0.46) versus the Street's estimate of \$145.4MM and (\$0.44).
- DYAX (MP): We model \$11.2MM in 1QE Kalbitor sales, slightly higher than consensus of \$11.0MM.
- HPTX (OP): We project ~\$14MM/~\$4MM in Ravicti/Buphenyl sales versus ~\$15MM/~\$3MM by consensus.

Alkermes (ALKS) | *Michael Schmidt, Ph.D.*

Aripiprazole Lauroxil Phase III Positive; Expect Launch in 2015

Outperform | **Market Cap:** \$6,271.9M | **Price:** \$41.10 | **Price Target:** \$60.00 → \$66.00 | **Methodology:** Sum of the parts DCF

- **Bottom Line:** ALKS reported positive top-line aripiprazole lauroxil Phase III data today. Based on the data, we expect FDA approval and launch in 3Q15. We continue to expect additional positive news flow from ALKS' five additional proprietary pipeline products to generate further upside over the next 12-18 months. We are raising our one-year price target to \$66 from \$60 previously. **Reiterate OP.**
- Pivotal Phase III study of aripiprazole lauroxil met primary and secondary endpoints.
- Expect FDA-approval in 3Q15.
- ALKS will launch into a growing market.
- We expect aripiprazole lauroxil to be highly profitable.
- Meeting with EMA later this year will provide insight into path to market ex-US.
- Published 4.8.14, intra-day.
- **2015E EPS/REV:** \$0.43 / \$707.3 → \$0.23 / \$667.8
 2012: fiscal year 12 months ending March 31, 2013, 2013: Stub year 9-months ending Dec. 31, 2013, 2014: 12-months ending Dec. 31, 2014.

Express Scripts, Inc. (ESRX) | *David Larsen, CFA*

Taking Leadership Role in Managing Drug Trend

Outperform | **Market Cap:** \$56,423.0M | **Price:** \$72.71

• **Bottom Line:** This morning ESRX published its annual drug trend report that found total drug trend up +5.4% in 2013. Specialty drugs remain the primary driver of higher trend, and we believe the PBMs will continue to play an important role in helping manage trend through formulary design, retail network composition, prior authorizations, step therapies and other manufacturer negotiating tactics. Recent media reports state that ESRX is increasing pressure on Gilead (OP) to reduce the cost of its new Hepatitis C pill, Sovaldi. Overall we believe the PBMs have limited exposure to reimbursement for the new class of Hep C (HCV) drugs, and in our view the introduction of high cost drugs may help strengthen ESRX's position in the industry given its ability to put pressure on manufacturers and help control drug trend for its customers. Maintain OP.

- New Hep C class a positive for ESRX once more players enter the market.
- ESRX drug trend report highlights double digit specialty trend again.
- ESRX takes on risk for very few members.
- Published 4.8.14, intra-day.

Idenix Pharmaceuticals, Inc. (IDIX) | *Howard Liang, Ph.D.*

Encouraging IDX21437 Data Position Shows Potential to Become a Cornerstone Nuc

Outperform | **Market Cap:** \$778.5M | **Price:** \$5.81 | **Price Target:** \$6.00 → \$9.00 | **Methodology:** NPV, 10% discount, probability weighted revenues

• **Bottom Line:** IDIX reported yesterday that its HCV nuc IDX21437 showed 4.2 to 4.3 log₁₀ IU/mL reductions in genotype 1,2, and 3 patients after seven days, similar to viral drops seen with GILD's (OP) Sovaldi. Assuming continued clean safety, we believe the drug is in the running to be only the second successful nucleotide (nuc) developed for HCV, which we believe would still be desirable despite the potential for a limited number of protease inhibitors to be a cornerstone agent in a multi-direct-acting antiviral (DAA) regimen. Encouraging early data on '437 also set up a number of potential catalysts for 2014 and 2015 with Phase II trials in combination with IDIX's NS5A inhibitor samatasvir (SAM) to begin enrollment in mid-2014, data readout as early as later this year and pivotal studies following in 2015. We are raising our price target to \$9 from \$6 to reflect the advancement of '437 combination.

- IDIX expects to initiate an OUS Phase II trial of '437+SAM in mid-2014.
- IDIX has selected a follow-on uridine-based nuc, IDX21459, and has initiated enrollment in the healthy volunteer portion of a Phase I trial.
- Published 4.8.14, intra-day.

Sunesis Pharmaceuticals, Inc. (SNSS) | *Marko Kozul, M.D.*

More Positive Vosaroxin-Decitabine AML/MDS Combo Data at AACR; Reit OP & \$17PT

Outperform | **Market Cap:** \$362.4M | **Price:** \$6.03 | **Price Target:** \$17.00 | **Methodology:** DCF analysis, 15% discount and 1% terminal growth rates

• **Bottom Line:** Top small cap pick SNSS had additional MD Anderson Investigator Sponsored Trial (IST) data presented at AACR-2014. These data build upon positive results previously available in the AACR abstract released early March. Key in the AACR presentation (vs. abstract) is that in a large sample of 24 patients (vs. 9) this combination maintained a high overall response rate of 67% (vs. 89%) with ~38% (vs. 56%) being true Complete Responses (CRs). MEDACorp KOLs we spoke with after the presentation and the SNSS conference call reinforce our view that these data are very promising with a laudable 38% CR rate. Next up for this IST will be emerging duration of response and overall survival data that should emerge at ASCO-2014 and other 2H14 medical meetings. In 3Q14 we await topline VALOR data. We continue to believe the positive and maturing IST data continues to elevate the floor to which SNSS would trade in the event of negative VALOR outcomes while fueling potential upside if positive. Risk-reward remains very favorable to us, and we reiterate an Outperform (OP) rating and \$17 price target (PT).

- Maturing MD Anderson IST Vosaroxin-Decitabine remain strong in a larger sample size further de-risking this program.

- Next Steps assuming more positive combo data in MDS may include an additional MD Anderson single institution IST or company sponsored randomized trial.
- Published 4.8.14, intra-day.

Puma Biotechnology, Inc. (PBYI) | *Howard Liang, Ph.D.*

Takeaways from KOL Dinner and Management Meeting after I SPY 2 Data

Outperform | **Market Cap:** 2,616.9M | **Price:** \$86.94 | **Price Target:** \$144.00 | **Methodology:** NPV, 105 discount rate

- **Bottom Line:** We hosted an investor dinner with two MEDACorp key opinion leaders (KOLs) including a breast cancer specialist during the ongoing AACR meeting as well as a meeting with PBYI management. We came away more comfortable with neratinib's profile especially with regard to the effectiveness of diarrhea management. We expect numerous potential near-term catalysts including data from the first-line metastatic breast cancer trial NEFERTT, adjuvant trial ExteNET, NASBP neoadjuvant trial, and expansion of one cohort in the basket trial in HER2 mutated patients all likely in 2Q:14 and see favorable risk reward at the current levels.
- Diarrhea for neratinib viewed to be manageable by KOL.
- Database for NEFERTT and ExteNET has not been locked and ExteNET appears likely the last trial to read out within 2Q
- **2014E EPS/REV:** (\$1.90) / 0.0 → (\$2.21) / 0.0
EPS are GAAP.

BioMarin Pharmaceutical, Inc. (BMRN) | *Joseph P. Schwartz*

Updating our Model to Reflect Full 2013 Results in 10-K Filing

Outperform | **Market Cap:** \$9,099.4M | **Price:** \$63.19 | **Price Target:** \$90.00 | **Methodology:** Sum-of-the-parts DCF

- **Bottom Line:** We are updating our model to reflect full, audited 2013 results from BMRN's 10-K filing. On 2/17/14 BMRN reported preliminary 4Q13 and 2013 results and held a conference call to discuss FY2013 and the approval of Vimizim, which occurred ahead of schedule on 2/14. Our new model now includes 4Q13A EPS, which was lower than our estimate due to increased spending. We are also increasing slightly our 2014 and 2015 EPS estimates (by 2 cents each year) to reflect a slightly higher share count than we had modeled previously. **Reiterate OP on BMRN.**
- **2014E EPS/REV:** (\$1.94) / \$670.0 → (\$1.92) / \$670.0
- **2015E EPS/REV:** (\$1.45) / \$791.1 → (\$1.43) / \$791.1
Revenues presented in \$MM.

Research Previews

April 9-13 – European Association for the Study of the Liver (EASL)

GILD – OP – Howard Liang

Close: \$70.01, **Mkt Cap:** \$115,234M

• This year's EASL will feature full Ph III results from the first two interferon-free regimens from GILD and ABBV and highlight promising data from a potential second wave of combos (including MRK's [MP] MK-5172+MK-8742 and GILD's pan-genotypic NS5A inhibitor GS-5186+sofosbuvir). We believe ifn-free regimens will make cost concerns less relevant. Other companies with data include ACHN (OP, \$3.05), BMY (OP, \$49.06), ENTA (OP, \$34.82), IDIX (OP, \$5.83), and JNJ (OP, \$98.06).

April 10-13 – International Society for Heart & Lung Transplantation

HTWR – OP – Danielle Antalfy

Close: \$85.05, **Mkt Cap:** \$1,585M

- We expect interim-post-approval data from the US BTT post-approval study at the upcoming ISHLT annual meeting.
- The HVAD U.S. Post-Approval study is a 1,200-patient study enrolling the first 600 HVAD commercial patients compared to 600 control patients.
- The length of follow-up is 6 months.
- This trial will help confirm that training around managing Mean Arterial Pressure (MAP) will result in better patient outcomes

Previous Notes

AACR (4/5-9) Takeaway Notes

[AGIO/Remarkable Early Data Position AG-221 As a Potential Breakthrough Agent/Outperform](#), Howard Llang Flash -- [LLY/Ph1 Sg Agent CDK 4/6 Data Confirm Potent Drug for LLY, Active Class in HR+ MBC/Outperform](#), Seamus Fernandez

[MGNX/Precinical Data at AACR Suggests mAb-like Dosing of MGD007 Likely/Outperform](#), Michael Schmidt
[PFE/Final Palbociclib Analysis Solid, But Still More Questions than Answers/Market Perform](#), Seamus Fernandez

Updated Models: [ALKS - Model](#), [IDIX - Model](#), [PBYI - Model](#), [TMO - Model](#)

AACR (4/5-9) Preview Notes

[Flash -- AZN/AACR Could Make It a Hat-trick of Interesting Medical Mtgs for AZN in 2Q:14/Outperform](#), Seamus Fernandez

[SNSS/Encouraging AACR-14 Vosaroxin MDS/AML Abstract Drives our New \\$17 PT; Reit OP/Outperform](#), Marko Kozul

[Pharmaceuticals/ Major/AACR Preview: CDK 4/6 & MRK's IO Presentations Set the Pre-ASCO Table](#), Seamus Fernandez

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

[AGN/4Q:13 Cosmetic Survey Highlights Stable Growth Trends, Cont'd AGN Strength/Market Perform](#), Seamus Fernandez

[Medical Devices-Orthopedics/Hip/Knee Survey Highlights 4Q Seasonality & Possible Positive Sign for 1H14](#), Richard Newitter

[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

4/24: FDA AdCom: Analgesic Drugs

4/24: FDA AdCom: Neurologic Devices

Medical Meetings

4/5-9: American Association for Cancer Research

4/5-9: Charing Cross | Vascular Society, MDT, BCR

4/5-9: American Association of Neurological Surgeons

4/5-9: Schizophrenia International Research Society, ITCI

4/9-13: European Association for the Study of the Liver (EASL), ACHN, BMY, ENTA, GILD, IDIX, JNJ, MRK

4/10-13: Clinical Immunology Society

4/10-13: International Society for Heart & Lung Transplantation, HTWR

4/21: ASCO abstract titles available

4/23-26: National Kidney Foundation, XLRN

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

Disclosures Appendix

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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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