COMPANY NOTE

Target | Estimate Change

USA | Healthcare | Biotechnology

March 10, 2015

Jefferies

EQUITY RESEARCH AMERICAS

Radius Health (RDUS)

In-line 4Q Net Loss; Potentially Early Efficacy Data for RAD1901 at ASCO

BUY

Price target $56.00
(from $45.00)
Price $47.79

Key Takeaway

With positive, clean Ph3 data for abaloparatide-SC in PMO, regulatory risks are low, providing a solid valuation floor (~$42/sh by our est.). Although initial efficacy data for RAD1901 is not available yet (at ASCO 2015), if proven to be comparable to IM-injected fulvestrant (only SERD on market; $720M in '14 sales), medical oncologists indicate its potential use in earlier tx settings in ER + mBC, offering a larger market opportunity (vs. fulvestrant).

In-line 4Q14 net loss of $18M (vs. ours of ~$18M). There was no revenue; OpEx of ~$17M was ~in line (vs. ours of $16.8M), including R&D of ~$12M (vs. ours of $14M) and G&A of $5.6M (vs. ours of $2.9M). We estimate RDUS' cash at end-2014 of ~$105M, plus net proceeds of ~$159M from equity raise on 1/15, should be sufficient into ~2H17 without additional capital infusion such as potential partnerships for abaloparatide and/or RAD1901 (vs. into 4Q16 per RDUS).

Medical oncologists discussions indicate oral SERD RAD1901 (vs. IM-injected fulvestrant) would likely move SERD use into earlier tx setting for ER+ mBC. While still early in development (Ph1 dose escalation), RDUS notes it could potentially replace SERM and aromatase inhibitors, largely used in 1st-line ER+ mBC. Currently only available SERD is AZN's IM-injectable Faslodex (fulvestrant; ~$720M in 2014 sales), largely used in 2nd/later-line mBC. More convenient oral SERDs in development include Roche/Seragon's ARN-801 (sold to Roche at $1.725B) and RAD1901, both in Ph1. Preliminary Ph1 data for RAD1901 is expected at ASCO 2015; tumor stasis (similar to SERM, fulvestrant) would be encouraging in this dose escalation part; however, if it shows tumor regression, that would be a big win for RAD1901.

We now assume broad use of RAD1901 in ER+ mBC (vs. prior ER+ BC with brain metastasis only), with peak U.S./EU sales of $1B in 2026 (vs. prior $530M). Our assumptions now include U.S./EU launches in ER+ mBC in 2020/2021 and RDUS/potential partner commercializing in the U.S./EU (net royalty of ~22-25% on EU sales to RDUS). We project RAD1901 U.S. sales/EU royalty revenue to RDUS of $599M/$99M in 2026. For our RAD1901 valuation, we assign a 50% probability of success given no clinical efficacy data yet.

Valuation/Risks

Our $56 PT (vs. $45) is based on an NPV analysis of abaloparatide-SC & RAD1901. Risks include: (1) regulatory delays/failure & slow commercial uptake and/or competition of abaloparatide-SC & (2) development delay/failure of RAD1901.

USD	Prev.	2014A	Prev.	2015E	Prev.	2016E	Prev.	2017E
Rev. (MM)	--	0.0	--	0.0	--	90.0	--	99.8
EPS								
Mar	--	(50.45)	--	(0.50)	--	--	--	--
Jun	--	(2.22)	*(0.50)*	(0.45)	--	--	--	--
Sep	--	(0.59)	*(0.47)*	(0.44)	--	--	--	--
Dec	*(0.53)*	(0.55)	*(0.44)*	(0.43)	--	--	--	--
FY Dec	*(3.17)*	(4.04)	*(1.91)*	(1.82)	*0.18*	(0.40)	*(0.05)*	(1.09)

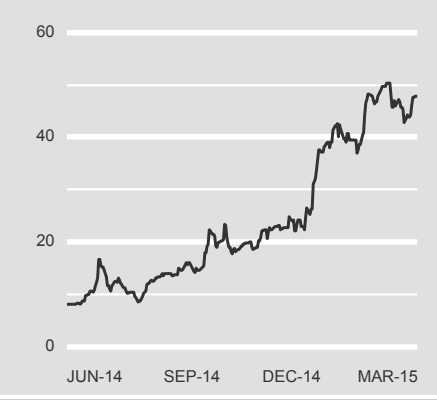
EPS: RDUS completed its IPO in 2Q14

Financial Summary	
Book Value (MM):	$63.5
Book Value/Share:	$1.94
Net Debt (MM):	($105.3)
Long-Term Debt (MM):	$0.0
Cash/Share:	$3.22
Cash (MM):	$105.3

Market Data	
52 Week Range:	$51.22 - $7.46
Total Entprs. Value (MM):	$1,457.4
Market Cap. (MM):	$1,562.7
Shares Out. (MM):	32.7
Float (MM):	16.9
Avg. Daily Vol.:	526,562

Eun K. Yang, Ph.D. *
Equity Analyst
(212) 284-2264 eyang@jefferies.com
Eileen Flowers, Ph.D. *
Equity Associate
(212) 284-2192 eflowers@jefferies.com
John Ryan, M.D. *
Equity Associate
(212) 336-7328 jryan2@jefferies.com
* Jefferies LLC

Price Performance



Radius Health

Buy: $56 Price Target

THE LONG VIEW

Scenarios

Target Investment Thesis

- Positive topline Phase 3 data for lead product abaloparatide-SC in osteoporosis announced on 12/22/14
- RDUS' cash at end-2014 of ~$105M, plus net proceeds of ~$159M from equity raise on 1/15 should be sufficient into 2H17
- Our NPV analysis puts a target price of $56/sh including abaloparatide-SC (~$33/sh for U.S. sales and ~$9/sh for EU sales) and ~$14/sh for RAD1901 combined U.S./EU sales/royalty

Upside Scenario

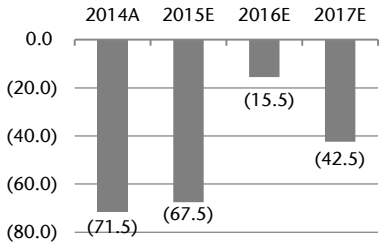
- Better-than-expected sales of abaloparatide-SC in osteoporosis
- If RAD1901 is successful in ER+ mBC, our NPV analysis pegs a fair value for RDUS shares at ~$79

Downside Scenario

- Regulatory failure of abaloparatide-SC
- Slower than expected commercial uptake of abaloparatide-SC
- Clinical failure of RAD-1901 in ER+ mBC
- If RAD1901 fails in the clinic in ER+ mBC, our NPV analysis pegs a fair value for RDUS shares at ~$42

Long Term Analysis

Net Income/Loss ($ in MM)



Source: FactSet, Jefferies estimates

Long Term Financial Model Drivers

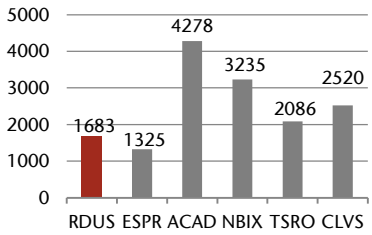
LT revenue CAGR ('17-'22)	49%
Organic Revenue Growth	**49%**
Acquisition Contribution	**0%**
Gross Margin Expansion	**N/A**

Other Considerations

With clean, positive topline Phase 3 data for abaloparatide-SC (announced on 12/22/14) we view FDA approval (NDA filing in 2H15) is highly likely. With focus for RDUS shifting to its second drug RAD1901 (riskier but higher reward), we expect positive Ph1b data (at ASCO 2015) in ER+ metastatic breast cancer could provide potential upside from current levels.

Peer Group

Enterprise Value ($ in MM)



Source: FactSet, Jefferies estimates

Recommendation / Price Target

Ticker	Rec.	PT
RDUS	**Buy**	**$56**
ESPR	NC	N/A
ACAD	Buy	$50
NBIX	Buy	$39
TSRO	Buy	$49
CLVS	NC	N/A

Catalysts

- Abaloparatide-SC 24-months extension study data in 2Q15
- Potential Phase 1b data for RAD1901 in ER-positive mBC at ASCO, 5/29/15-6/2/15
- Potential NDA/MAA filing for abaloparatide-SC in 2H15
- Phase 2b for RAD1901 in vasomotor symptoms to begin in 2H15

Company Description

Radius Health, Inc., IPOed on 6/5/14, is a biopharmaceutical company focused on developing therapies for osteoporosis and other endocrine diseases. The company's lead product is abaloparatide-SC (BA058), a novel synthetic peptide analog of parathyroid hormone-related protein (PTHrP), with positive topline Phase 3 data in osteoporosis announced on 12/22/14 and potential NDA filing in 2H15. Additional pipeline products include a transdermal (TD) formulation of abaloparatide, abaloparatide-TD; RAD1901, an oral selective estrogen receptor down-regulator/degrader (SERD) for the treatment of breast cancer (ER+ mBC) and vasomotor symptoms; and RAD140, a non-steroidal selective androgen receptor modulator. Radius was founded in 2003 and is headquartered in Cambridge, Massachusetts.

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

For RAD1901 (SERD) currently in Phase 1 dose-escalation part, RDUS is pursuing a broad ER+ mBC market (vs. subset of ER+ mBC patients with brain metastases previously). Approximately 70% of metastatic breast cancers (BC) are ER-positive, translating into an estimated prevalence of ~109K patients in the U.S./EU each. For 1st-line metastatic ER+ BC, standard treatment includes hormone therapies to either block estrogen from binding to its receptor (ER modulators, SERMs such as Nolvadex [tamoxifen]) or to lower estrogen levels in the body (aromatase inhibitors such as Femara [letrozole] and Aromasin [exemestane]). For 2nd-line metastatic ER+ BC (patients who have received prior hormonal therapies), standard of care includes Faslodex (fulvestrant), the only selective estrogen receptor degrader (SERD) on the market. With recent accelerated approval of oral CDK4/6 inhibitor Ibrance (palbociclib) on 2/3/15 for the treatment of postmenopausal women with ER+/HER2- BC in combination with Femara (letrozole) as initial endocrine-based therapy for metastatic disease, experts note fulvestrant use will likely be further pushed out. Given its IM formulation, fulvestrant is largely used in 2nd-line or later-lines of metastatic BC. With the convenient oral formulation of RAD1901 (vs. fulvestrant), experts view it could be utilized in earlier treatment settings in metastatic BC vs. fulvestrant. RDUS notes it could potentially replace oral SERMs or aromatase inhibitors.

U.S. Phase 1 for RAD1901 in ER+ mBC began in 12/14, with preliminary data at ASCO (May 29-June 2, 2015); EU Phase 1 study in mBC expected to begin in 2H15. Phase 1 for RAD1901 in the U.S. is an open-label, two-part dose-escalation study in postmenopausal women with ER-positive and HER2-negative advanced BC (including locally advanced, inoperable and/or metastatic) who have received no more than 2 prior chemotherapy regimens and ≥6 months of prior endocrine therapy. Patients with untreated or symptomatic CNS metastases are excluded from the study. According to *clinicaltrials.gov*, in Part A (dose-escalation), patients will receive sequential, escalating doses of RAD1901 (if a patient does not progress on RAD1901 after 28 days and well tolerated); in Part B, once MTD has been identified, additional patients will be enrolled to evaluate safety, tolerability, and preliminary efficacy of selected dose. From a FES-PET study in healthy volunteers, after 6 days of RAD1901 treatment (1x/day, at 200mg and 500mg), there was decreased estrogen expression in two ER rich tissues (uterus and pituitary gland).

It's early to predict potential efficacy in ongoing Phase 1 dose-escalation part; however, if RAD1901 shows tumor regression (vs. tumor stasis), it would provide an efficacy advantage over marketed SERD Faslodex as well as SERM tamoxifen. At San Antonio Breast Cancer Symposium (SABCS) in 12/14, RDUS presented preclinical data showing the potential for RAD1901 to cause tumor regression at higher doses, in addition to degrading the ER receptor. Both marketed Faslodex (fulvestrant; ER degrader) and Nolvadex (tamoxifen; ER modulator) have tumoristatic action (halts tumor development), without notable tumor regression. RDUS notes even tumoristatic action of RAD1901 (as an orally available SERD) would be competitive in the current marketplace; if it shows tumor regression (ORR), this would be a big win for RAD1901. Some physicians are not convinced if there is a clear distinction in clinical benefits between SERD (ER degrader) and SERM (ER modulator).

For SERD, orally available RAD1901 has a dosing advantage vs. Faslodex (intramuscular injection). Experts note that large volume (5mL) of Faslodex intramuscular injection (administered in 1-2 minutes per injection) can be an issue for patients as it is typically painful, however, they note side effects are minimal compared to potential benefit. In terms of Faslodex side effects (i.e., hot flashes and potential bone loss), physicians note these do not deter them from prescribing the drug. Some even comment that such side effects are evidence of SERD action.

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

Experts note Roche's (ROG VX, Buy) ARN-810 is an interesting oral SERD in development, while noting diarrhea in Phase 1. In a Phase 1 study to determine MTD and safety of ARN-810, as of data cut-off date of 10/1/14, patients with postmenopausal ER+ HER2- locally advanced or metastatic BC (n=41) with no more than 2 prior chemotherapies in the advanced or metastatic setting (and no CNS metastases) received escalating doses of ARN-810 (100, 200, 400, thereafter dose escalating by 200mg). Presented at San Antonio Breast Cancer Symposium in 12/14, there was n=1 DLT (Grade 3 diarrhea) observed in the 800mg (1x daily) cohort, with most common treatment-related AEs including diarrhea (63%), fatigue (46%), and nausea (44%). Diarrhea is mostly Grade 1, intermittent in nature, and manageable with drug holidays and dietary modifications. There was one treatment-related SAE of pulmonary embolism, occurring after 3 cycles of treatment at 300mg (2x daily) dose; after treatment interruption for 2 days, ARN-810 was resumed at the same dose.

AstraZeneca's (AZN LN, Buy) Faslodex (fulvestrant), the only SERD on market, generated $720M in 2014 sales (~6% y/y; vs. $681M in 2013), including $340M/$245M/$135M in the U.S./EU/ROW. Currently approved for HR+ metastatic BC in postmenopausal women with disease progression following antiestrogen therapy, AZN is running a Phase 3 study in 1st-line hormone receptor positive advanced BC (begun in 4Q12 with U.S./EU regulatory filing expected in 2H16). While Faslodex Orange Book listed patents expire in 2021, in its FY14 earnings release, AZN noted they had received a Paragraph IV filing from Glenmark Generics (in 1/15) to market a generic version of Faslodex, in addition to previous Paragraph IV filings by Sandoz and Sagent Pharmaceuticals.

Upping PT to $56 (from $45) on inclusion of our peak $599M/$99M sales/royalty assumptions for RAD1901 in broad ER+ mBC (vs. ~$531M peak U.S./EU sales in limited ER+ BCBM previously) and time lapse of discount years. Our $56 PT (vs. $45 previously) is based on NPV analysis of ~$33/sh (from $30/sh previously) for abaloparatide-SC U.S. sales in osteoporosis (100% probability adjusted peak sales of ~$670M in 2027) and ~$9/sh (unchanged) for abaloparatide-SC EU royalties in osteoporosis (100% probability adjusted peak royalties of ~$58M in 2027), and ~$14/sh for RAD1901 U.S./EU sales/royalty in ER+ mBC (vs. $6 previously; 50% probability-adjusted peak U.S. sales/EU royalty of $599M/$99M in 2026), discounting at an annual rate of ~10% (vs. ~11% previously).

Upcoming events for RDUS include: (1) abaloparatide-SC 24-months extension study data in 2Q15; (2) potential Phase 1b data for RAD1901 in ER+ mBC at ASCO, 5/29/15-6/2/15; (3) potential NDA/MAA filing for abaloparatide-SC in 2H15; (4) Ph2b for RAD1901 in vasomotor symptoms to begin in 2H15; and (5) Ph1 trial for RAD1901 in EU to begin in 2H15.

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

Chart 1: Radius Health's Product Pipeline

Product	Description	Indication	Status	Marketing rights	Patent expiry
Abaloparatide	Synthetic peptide analog of parathyroid hormone-related protein (PTHrP)	Fracture prevention in osteoporosis; subcutaneous (SC) formulation	NDA/MAA filing in 2H15 (including 24 mo fracture data) & U.S./EU approval in 2016/2017, respectively; positive top-line Ph3 (18-mo) data reprted in 12/14 Ph3 randomized (1:1:1) ACTIVE study (begun in 4/11, with enrollment completed in 3/13) comparing 1x daily abaloparatide-SC (80ug) vs. Forteo (20ug) vs. placebo in PMO women (n=2,463) with primary endpoint of new vertebral fractures vs. placebo at 18 mo and secondary endpoints including BMD of lumbar spine, hip, and femoral neck, non-vertebral fractures, and # of hypercalcemic events; enrollment completed in 3/13; last pts last visit in 10/14 6-months extension study begun in 10/12 for pts enrolled in Ph3 (n=1200); pts in either abaloparatide-SC and placebo arms to receive alendronate (generic Fosamax), with endpoints including vertebral fractures at 24 mo and safety; potential data in 2Q15	Radius (worldwide ex-Japan, ex-France, with Ipsen co-promote in France); Ipsen (Japan)	In U.S./EU, CoM expires on 3/29/16 (potential Hatch-Waxman extension into 2021 in U.S.); formulation patent expires on 11/8/27 & method of treatment patent expires on 3/26/28 in the U.S.; pending method of treatment patent expires on 10/3/27 in EU
		Fracture prevention in osteoporosis; transdermal (TD) patch	Clinical evaluation of optimized transdermal patch to begin in 2H15; Ph2 randomized, double-blind study comparing three doses of 1x daily abaloparatide-TD (50ug, 100ug, 150ug) vs. abaloparatide-SC (80ug) vs. placebo (n=250; primary endpoint of % increase in BMD at 6mo from baseline) announced in 1/14 with statistically significant increases in both BMD at lumbar spine & hip over placebo for 100ug and 150ug doses; upon potential approval of SC version, planning single Ph3 non-inferiority bridging study comparing abaloparatide-SC vs. abaloparatide-TD, with endpoints including lumbar spine BMD at 12 mo	Radius	In U.S./EU, CoM expires on 3/29/16 (potential Hatch-Waxman extension into 2021 in U.S.); pending patents on microneedle application expire in 2032
RAD1901	Oral selective estrogen receptor (ER-alpha) down-regulator (SERD)/ selective estrogen receptor modulator (SERM)	ER-positive breast cancer with brain metastases (high dose); vasomotor symptoms (low dose)	Ph1b open-label study in ER-positive mBC (U.S. trial) began in 12/14 in pts with ER-positive HER2-negative mBC (n=38) to determine safety, tolerability, and anti-tumor effects, with data at ASCO 2015; Ph1 trial in EU to begin in 2H15; first part of two-part Phase 1 study in healthy subjects to determine MTD began in 2Q14 with data presented at San Antonio Breast Cancer Symposium, 12/9-12/13/14 Ph2b to define minimal effective dose (including 10mg and lower daily doses) in vasomotor symptoms to begin in 2H15	Radius	In U.S., two CoM patents expire on 12/25/23 and 8/18/26; in EU, pending patents expire in 2023
RAD140	Non-steroidal selective androgen receptor modulator	N/A	Preclinic	Radius	In U.S., pending CoM expires in 2029

PMO=post-menopausal osteoporosis; BMD=bone mineral density; PK=pharmacokinetics

Source: Company reports and Jefferies

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

Radius Health (RDUS)
Income Statement
($ in thousands except per share)

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenues																					
Abaloparatide-SC for PMO (U.S.)												-	54,792	155,310	230,357	305,699	335,748	350,974	366,890	383,529	400,922
Growth y/y														*183%*	*48%*	*33%*	*10%*	*5%*	*5%*	*5%*	*5%*
Growth q/q																					
Royalty for abaloparatide-SC for PMO (EU)													-	9,074	25,210	36,651	47,676	51,325	52,590	53,886	55,215
Growth y/y															*178%*	*45%*	*30%*	*8%*	*2%*	*2%*	*2%*
RAD1901 for ER+ mBC (U.S.)																65,650	174,473	305,621	440,138	533,169	586,824
Growth y/y																	*166%*	*75%*	*44%*	*21%*	*10%*
Royalty for RAD1901 for ER+ mBC (EU)																-	13,261	34,546	56,942	80,381	95,443
Growth y/y																		*161%*	*65%*	*41%*	*19%*
Other revenues												90,000	45,000			180,000					
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	**90,000**	**99,792**	**164,383**	**255,567**	**588,000**	**571,157**	**742,466**	**916,561**	**1,050,965**	**1,138,404**
% growth y/y														*64.7%*	*55.5%*	*130.1%*	*-2.9%*	*30.0%*	*23.4%*	*14.7%*	*8.3%*
Expenses																					
Cost of Goods Sold		-	-	-	-	-	-	-	-	-	-	-	9,863	23,296	32,250	47,619	62,839	76,189	96,111	108,507	116,671
% gross margin (Including royalties to Ipsen & Eisai)													*82.0%*	*85.0%*	*86.0%*	*87.2%*	*87.7%*	*88.4%*	*88.1%*	*88.2%*	*88.2%*
R&D	60,536	9,717	10,618	13,817	11,567	45,719	11,000	10,500	10,000	9,647	41,147	47,319	55,363	66,436	73,080	78,926	85,240	92,059	99,424	107,378	115,968
% growth y/y	*10.1%*					*-24.5%*					*-10.0%*	*15.0%*	*17.0%*	*20.0%*	*10.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
% of total revenues														*40.4%*	*28.6%*	*13.4%*	*14.9%*	*12.4%*	*10.8%*	*10.2%*	*10.2%*
SG&A	6,829	2,139	3,070	2,836	5,629	13,674	5,700	5,800	5,900	5,983	23,383	44,427	64,419	70,861	88,576	101,862	112,049	121,013	130,694	141,149	152,441
% growth y/y	*-27.9%*					*100.2%*					*71.0%*	*90.0%*	*45.0%*	*10.0%*	*25.0%*	*15.0%*	*10.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
% of total revenues													*64.6%*	*43.1%*	*34.7%*	*17.3%*	*19.6%*	*16.3%*	*14.3%*	*13.4%*	*13.4%*
Restructuring cost																					
Total Expenses	67,365	11,856	13,688	16,653	17,196	59,393	16,700	16,300	15,900	15,630	64,530	91,746	129,645	160,593	193,906	228,407	260,128	289,261	326,229	357,034	385,080
Income (loss) from Operations (EBIT)	**(67,365)**	**(11,856)**	**(13,688)**	**(16,653)**	**(17,196)**	**(59,393)**	**(16,700)**	**(16,300)**	**(15,900)**	**(15,630)**	**(64,530)**	**(1,746)**	**(29,853)**	**3,790**	**61,662**	**359,593**	**311,029**	**453,205**	**590,332**	**693,931**	**753,324**
% growth y/y																*483.2%*	*-13.5%*	*45.7%*	*30.3%*	*17.5%*	*8.6%*
Operating margin															*24.1%*	*61.2%*	*54.5%*	*61.0%*	*64.4%*	*66.0%*	*66.2%*
Other Income (Expense), Net	6,675	(2,632)	1,079	(767)	(766)	(3,086)	(750)	(750)	(750)	(750)	(3,000)	(13,800)	(12,600)	(6,300)	500	1,000	2,000	3,000	4,000	5,000	6,000
Earnings (Loss) Before Taxes	(60,690)	(14,488)	(12,609)	(17,420)	(17,962)	(62,479)	(17,450)	(17,050)	(16,650)	(16,380)	(67,530)	(15,546)	(42,453)	(2,510)	62,162	360,593	313,029	456,205	594,332	698,931	759,324
Provision for Taxes	–					–					–	–	–	–	–	18,030	31,303	68,431	118,866	174,733	227,797
Tax Rate																*5.0%*	*10.0%*	*15.0%*	*20.0%*	*25.0%*	*30.0%*
Net Income (Loss)	**(60,690)**	**(14,488)**	**(12,609)**	**(17,420)**	**(17,962)**	**(62,479)**	**(17,450)**	**(17,050)**	**(16,650)**	**(16,380)**	**(67,530)**	**(15,546)**	**(42,453)**	**(2,510)**	**62,162**	**342,563**	**281,726**	**387,774**	**475,466**	**524,198**	**531,527**
Extinguishment of preferred stock																					
Accretion of preferred stock	(17,471)	(4,969)	(4,031)			(9,000)															
Earnings to preferred stockholders																					
Unrealized loss from marketable securities																					
Net Income (Loss) to Common Stockholders	**(78,161)**	**(19,457)**	**(16,640)**	**(17,420)**	**(17,962)**	**(71,479)**	**(17,450)**	**(17,050)**	**(16,650)**	**(16,380)**	**(67,530)**	**(15,546)**	**(42,453)**	**(2,510)**	**62,162**	**342,563**	**281,726**	**387,774**	**475,466**	**524,198**	**531,527**
EPS (LPS) - Basic	**(203.91)**	**(50.45)**	**(2.22)**	**(0.59)**	**(0.55)**	**(4.04)**	**(0.50)**	**(0.45)**	**(0.44)**	**(0.43)**	**(1.82)**	**(0.40)**	**(1.09)**	**(0.06)**	1.57	8.54	6.96	9.48	11.51	12.56	12.61
EPS (LPS) - Diluted	(203.91)	(50.45)	(2.22)	(0.59)	(0.55)	(4.04)	(0.50)	(0.45)	(0.44)	(0.43)	(1.82)	(0.40)	(1.09)	(0.06)	**1.39**	**7.59**	**6.18**	**8.42**	**10.22**	**11.16**	**11.20**
% growth y/y (diluted)																*445.6%*	*-18.6%*	*36.3%*	*21.4%*	*9.2%*	*0.4%*
Shares - Basic	383	386	7,500	29,746	32,678	17,699	34,605	37,778	37,967	38,157	37,127	38,539	38,924	39,313	39,706	40,103	40,504	40,909	41,319	41,732	42,149
Shares - Diluted	383	386	7,500	29,746	32,678	17,699	34,605	37,778	37,967	38,157	37,127	38,539	38,924	39,313	44,706	45,153	45,605	46,061	46,522	46,987	47,457
Cash, Cash Equivalents & Investments	12,303	29,558	79,021	68,514	105,276	105,276	246,426	229,376	212,726	196,346	196,346	180,800	138,347	135,837	197,999	540,562	822,289	1,210,063	1,685,528	2,209,727	2,741,253

Source: Company reports and Jefferies

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

Company Description

Radius Health, Inc. is a biopharmaceutical company focused on developing therapies for osteoporosis and other endocrine diseases. The company's lead product is abaloparatide-SC (BA058), a novel synthetic peptide analog of parathyroid hormone-related protein (PTHrP), with topline data readout for ongoing Phase 3 for osteoporosis released on 12/22/14 and potential NDA filing in 2H15. Additional pipeline products include a transdermal patch of abaloparatide, abaloparatide-TD; RAD1901, an oral selective estrogen receptor down-regulator/ degrader (SERD) for the treatment of breast cancer brain metastases and vasomotor symptoms; and RAD140, a nonsteroidal selective androgen receptor modulator. Radius was founded in 2003 and is headquartered in Cambridge, Massachusetts.

Analyst Certification:

I, Eun K. Yang, Ph.D., certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, Eileen Flowers, Ph.D., certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, John Ryan, M.D., certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

As is the case with all Jefferies employees, the analyst(s) responsible for the coverage of the financial instruments discussed in this report receives compensation based in part on the overall performance of the firm, including investment banking income. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgement.

Company Specific Disclosures

Jefferies Group LLC makes a market in the securities or ADRs of Radius Health, Inc..

Jefferies Group LLC makes a market in the securities or ADRs of Sagent Pharmaceuticals.

Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Radius Health, Inc..

Within the past twelve months, Radius Health, Inc. has been a client of Jefferies LLC and investment banking services are being or have been provided.

Jefferies Group LLC, its affiliates or subsidiaries has acted as a manager or co-manager in the underwriting or placement of securities for Radius Health, Inc. or one of its affiliates within the past twelve months.

Meanings of Jefferies Ratings

Buy - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes stocks that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/ or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

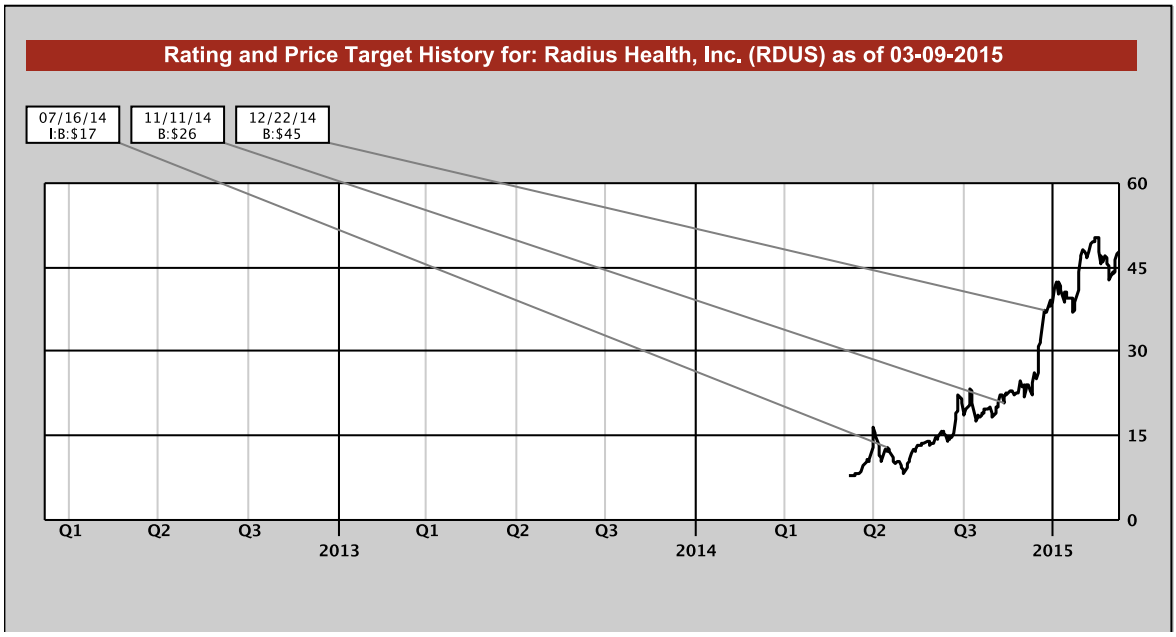
Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

Risk which may impede the achievement of our Price Target

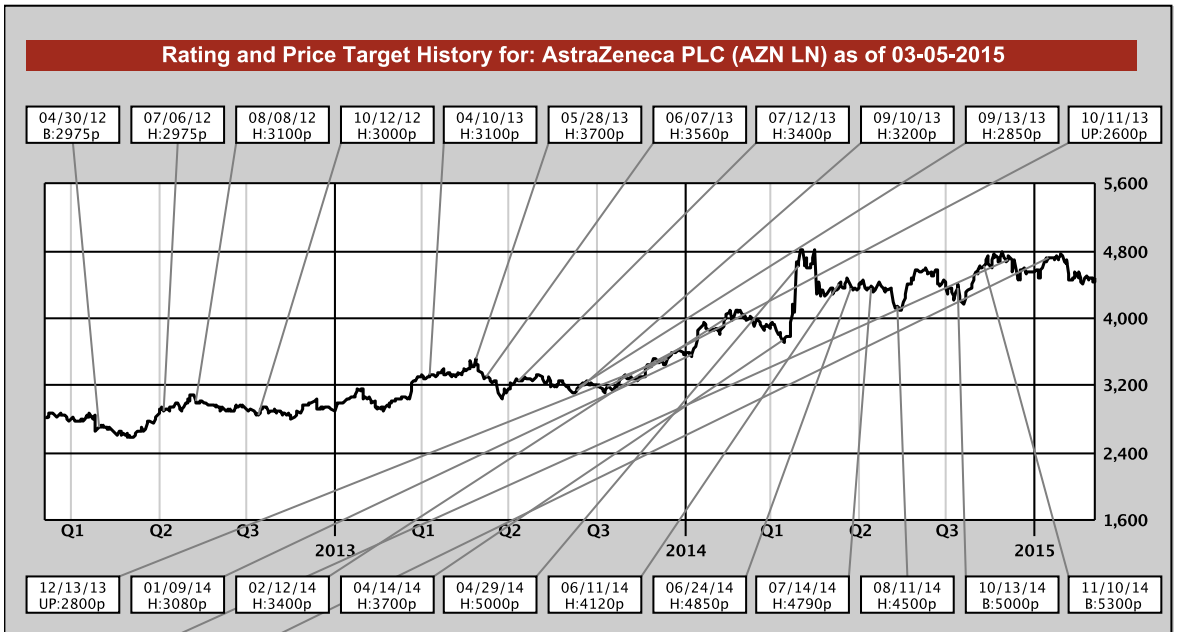
This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

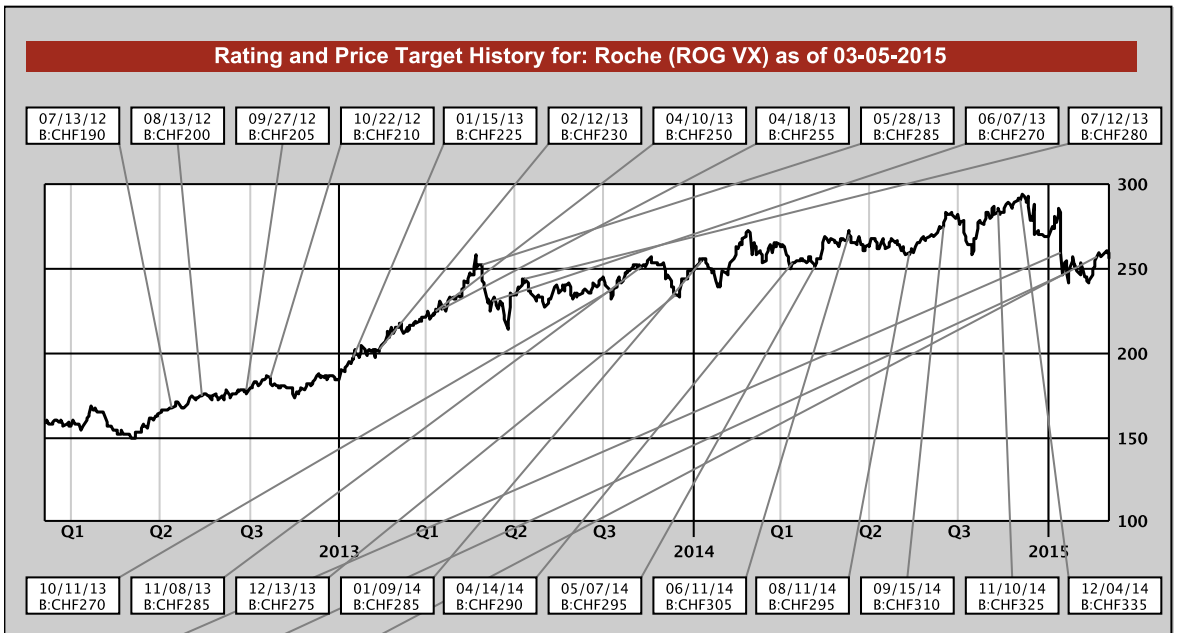
Other Companies Mentioned in This Report

- AstraZeneca PLC (AZN LN: p4,272.00, BUY)
- Roche (ROG VX: CHF259.20, BUY)
- Sagent Pharmaceuticals (SGNT: $27.01, HOLD)

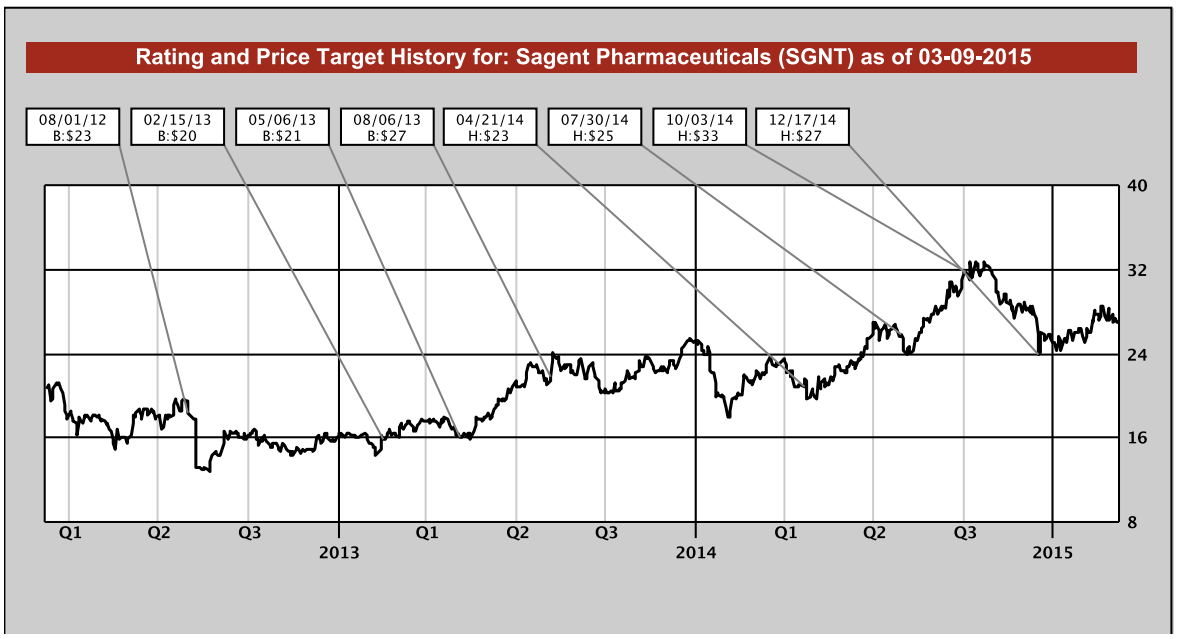


Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com





Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com



Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY	1060	51.23%	290	27.36%
HOLD	833	40.26%	158	18.97%
UNDERPERFORM	176	8.51%	11	6.25%

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

Other Important Disclosures

Jefferies Equity Research refers to research reports produced by analysts employed by one of the following Jefferies Group LLC ("Jefferies") group companies:

United States: Jefferies LLC which is an SEC registered firm and a member of FINRA.

United Kingdom: Jefferies International Limited, which is authorized and regulated by the Financial Conduct Authority; registered in England and Wales No. 1978621; registered office: Vintners Place, 68 Upper Thames Street, London EC4V 3BJ; telephone +44 (0)20 7029 8000; facsimile +44 (0)20 7029 8010.

Hong Kong: Jefferies Hong Kong Limited, which is licensed by the Securities and Futures Commission of Hong Kong with CE number ATS546; located at Suite 2201, 22nd Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Singapore: Jefferies Singapore Limited, which is licensed by the Monetary Authority of Singapore; located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950.

Japan: Jefferies (Japan) Limited, Tokyo Branch, which is a securities company registered by the Financial Services Agency of Japan and is a member of the Japan Securities Dealers Association; located at Hibiya Marine Bldg, 3F, 1-5-1 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006; telephone +813 5251 6100; facsimile +813 5251 6101.

India: Jefferies India Private Limited (CIN - U74140MH2007PTC200509), which is licensed by the Securities and Exchange Board of India as a Merchant Banker (INM000011443) and a Stock Broker with Bombay Stock Exchange Limited (INB011491033) and National Stock Exchange of India Limited (INB231491037) in the Capital Market Segment; located at 42/43, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051, India; Tel +91 22 4356 6000.

This material has been prepared by Jefferies employing appropriate expertise, and in the belief that it is fair and not misleading. The information set forth herein was obtained from sources believed to be reliable, but has not been independently verified by Jefferies. Therefore, except for any obligation under applicable rules we do not guarantee its accuracy. Additional and supporting information is available upon request. Unless prohibited by the provisions of Regulation S of the U.S. Securities Act of 1933, this material is distributed in the United States ("US"), by Jefferies LLC, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. Transactions by or on behalf of any US person may only be effected through Jefferies LLC. In the United Kingdom and European Economic Area this report is issued and/or approved for distribution by Jefferies International Limited and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Jefferies International Limited has adopted a conflicts management policy in connection with the preparation and publication of research, the details of which are available upon request in writing to the Compliance Officer. Jefferies International Limited may allow its analysts to undertake private consultancy work. Jefferies International Limited's conflicts management policy sets out the arrangements Jefferies International Limited employs to manage any potential conflicts of interest that may arise as a result of such consultancy work. For Canadian investors, this material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "Designated Institution" as defined by the Securities Act (Ontario). In Singapore, Jefferies Singapore Limited is regulated by the Monetary Authority of Singapore. For investors in the Republic of Singapore, this material is provided by Jefferies Singapore Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Cap. 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact Jefferies Singapore Limited, located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. In Japan this material is issued and distributed by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In the Republic of China (Taiwan), this report should not be distributed. The research in relation to this report is conducted outside the PRC. This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. In India this report is made available by Jefferies India Private Limited. In Australia this information is issued solely by Jefferies International Limited and is directed solely at wholesale clients within the meaning of the Corporations Act 2001 of Australia (the "Act") in connection with their consideration of any investment or investment service that is the subject of this document. Any offer or issue that is the subject of this document does not require, and this document is not, a disclosure document or product disclosure statement within the meaning of the Act. Jefferies International Limited is authorised and regulated by the Financial Conduct Authority under the laws of the United Kingdom, which differ from Australian laws. Jefferies International Limited has obtained relief under Australian Securities and Investments Commission Class Order 03/1099, which conditionally exempts it from holding an Australian financial services licence under the Act in respect of the provision of certain financial services to wholesale clients. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, its associates or affiliates, and its respective officers, directors, and employees may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. Upon request Jefferies may provide specialized research products or services to certain customers focusing on the prospects for individual covered stocks as compared to other covered stocks over varying time horizons or under differing market conditions. While the views expressed in these situations may not always be directionally consistent with the long-term views expressed in the analyst's published research, the analyst has a reasonable basis and any inconsistencies can be reasonably explained. This material does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com

rates could have adverse effects on the value or price of, or income derived from, certain investments. This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of securities. None of Jefferies, any of its affiliates or its research analysts has any authority whatsoever to make any representations or warranty on behalf of the issuer(s). Jefferies policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis. Any comments or statements made herein are those of the author(s) and may differ from the views of Jefferies.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Jefferies research reports are disseminated and available primarily electronically, and, in some cases, in printed form. Electronic research is simultaneously available to all clients. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Jefferies. Neither Jefferies nor any officer nor employee of Jefferies accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

For Important Disclosure information, please visit our website at https://javatar.bluematrix.com/sellside/Disclosures.action or call 1.888.JEFFERIES

Eun K. Yang, Ph.D., Equity Analyst, (212) 284-2264, eyang@jefferies.com