

Equity Research

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## Radius Health, Inc. (RDUS-\$22.32)

**Rating: BUY**

**Target Price: \$26.00**

### Pipeline Visibility Growing; Raising PT to \$26 from \$20 on RAD1901; Maintain BUY

<u>EPS</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
<b>2014E</b>	(50.48)A	(2.22)A	(0.59)A	(0.70)E
<i>Prev</i>	—	—	(2.41)E	(2.95)E
<b>2015E</b>	—	—	—	—
<b>2016E</b>	—	—	—	—
<u>REV</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
<b>2014E</b>	0.0A	0.0A	0.0A	0.0E
<b>2015E</b>	—	—	—	—
<b>2016E</b>	—	—	—	—
<u>FY</u>	<u>2014E</u>	<u>2015E</u>	<u>2016E</u>	
<b>EPS</b>	(4.34)E	(1.71)E	(1.12)E	
<i>Prev</i>	(11.75)E	(9.36)E	(6.13)E	
<b>REV</b>	0.0E	0.0E	43.9E	

- **3Q:14 EPS Results Reflect R&D Focus.** Radius reported a 3Q:14 net loss of (\$17.4) million, reflecting the company's R&D spend of \$13.8 million and SG&A of \$2.8 million. The company's spending incorporates the abaloparatide-SC's Phase III trial, and preparations for initiation of a Phase Ib trial of RAD1901 by year-end. We have adjusted our 2014 EPS forecast to reflect 3Q:14's results, and have also now included RAD1901 in our valuation, which brings our price target to \$26 from \$20. We have updated our model for the recent offering, and maintain our BUY rating.
- **Getting to Data.** The Phase III study of abaloparatide-SC for the treatment of osteoporosis is nearing completion, with initial 18-month fracture data expected in late December, with results of a six-month extension study to follow. Assuming a positive result, we would expect that the company will begin regulatory filings in 2015, with potential commercialization in 2016, and much of this drives our valuation. We also expect a go/no go decision on the patch formulation by year-end. A publication in the Journal of Clinical Endocrinology and Metabolism is also expected this month (online, with print to come later).
- **RAD1901 Deserves Some Credit.** RAD1901, a selective estrogen receptor degrader (SERD) is being explored for the treatment of breast cancer brain metastases (BCBM) and menopausally-related vasomotor symptoms. The compound is expected to enter a Phase Ib study by year-end in BCBM, and we are now incorporating value for this candidate in our model. We anticipate greater visibility on RAD1901, particularly as we expect presentation of data at the San Antonio Breast Cancer Symposium on December 11th.
- **Cash in Good Shape.** In October Radius completed a secondary offering, netting the company approximately \$53 million, bringing cash and cash equivalents on hand to over \$120 million, which provides a sufficient cash runway through 2015.
- **Valuation Now Includes RAD1901.** We value Radius using an 8x multiple on our 2020 sales estimate of approximately \$425 million, discounted at 30%, as well as \$6 per share for RAD1901, bringing our PT to \$26.

#### Current Statistics

<b>Market Cap (\$Mil)</b>	<b>\$734.9</b>
<b>Avg. Daily Trading Volume (3 mo.):</b>	<b>107,014</b>
<b>Shares Out (Mil):</b>	<b>32.924</b>
<b>52 Wk. Range</b>	<b>\$24.93-\$7.46</b>

## Summary

Radius Health (Radius) is a development-stage company focused on commercializing treatments for osteoporosis and other serious endocrine-mediated disorders. The company has a portfolio of compounds in development for a variety of disorders predominantly affecting women, including a Phase III candidate for the treatment of osteoporosis, a major cost to the healthcare system, with over 40 million individuals in the U.S. alone considered to have osteoporosis or be at risk of fracture due to low bone mineral density (BMD). We find the proximity to Phase III data compelling, as the pivotal trial of abaloparatide-SC is expected to produce data in late December and could represent a replacement for Forteo, a \$1+ billion drug for the treatment of severe osteoporosis. With the potential to have clinically meaningful differentiation versus Forteo and a transdermal line extension (abaloparatide-TD), and a relatively short time to commercialization, we believe the opportunity for valuation expansion is high. In addition, **we are now incorporating RAD1901, a SERD for the treatment of hormonally receptive breast cancers and vasomotor symptoms, in our model, based on the advancement of the candidate and its potential in multiple indications.** Our \$26 price target is based on a discounted revenue and EPS calculation, based on U.S. revenues of abaloparatide-SC, abaloparatide-TD in 2020, and the inclusion of value for RAD1901. We have not incorporated revenue from Europe or other sources in our model.

### Exhibit 1: Upcoming Milestones

Date	Candidate	Indication	Milestone
4Q:14	RAD1901	BCBM	Phase Ib initiation
4Q:14	Abaloparatide-SC	Osteoporosis	Phase III 18-month top-line fracture data
4Q:14	RAD1901	BCBM	San Antonio Breast Cancer Symposium Presentation
4Q:14	Abaloparatide-TD	Osteoporosis	Go/no decision
1H:15	Abaloparatide-SC	Osteoporosis	Phase III 6-month extension fracture data
2H:15	Abaloparatide-SC	Osteoporosis	NDA Submission
2H:15	RAD1901	Vasomotor	Phase IIb Initiation
2016	Abaloparatide-SC	Osteoporosis	FDA Approval

Source: Radius Health, Cantor Fitzgerald research

## Abaloparatide

Abaloparatide is a synthetic peptide analog of parathyroid hormone-related protein (PTHrP) that functions as a bone anabolic treatment (grows bone). The Phase III program is currently being conducted in 2,468 patients across 28 sites in the U.S., Europe, Asia, and Latin America. The 18-month top-line fracture data is expected in December, and all patients are now in a six-month extension study. The company's two formulations (subcutaneous, consistent with Eli Lilly's Forteo, and transdermal) are in clinical testing, with Phase II results of the abaloparatide-SC (subcutaneous) demonstrating an advantageous safety profile (lower hypercalcemia vs. Forteo) and efficacy (faster and greater bone growth vs. Forteo). The drug's profile, we believe, is directly tied to its mechanism as a regulator of bone formation and its selectivity for receptor conformation ( $R^0$ , RG), suggesting it has the ability to activate the parathyroid hormone receptor but with less downstream signaling than Forteo, a 34 N-terminal amino acid sequence of human parathyroid hormone. Forteo is able to stimulate new bone formation, but in addition to binding with high affinity to osteoblast receptors in bone, it also binds to cell surface receptors in the kidney. Forteo is able to build bone but is also associated with hypercalcemia, a condition in which excess calcium remains in the bloodstream.

The Abaloparatide-SC trial randomized patients to receive either abaloparatide (80 mcg), placebo, or Forteo (20 mcg) for 18 months. Following the initiation of the trial, the FDA informed Radius that 24-month fracture data would be required for approval, and subsequently agreed to accept an NDA that included (and preserved the integrity of) the Phase III 18-month endpoint, plus data from a six-month extension study (to collect fracture at 24-months), which is currently ongoing. The primary endpoint of

the study is new vertebral fractures associated with abaloparatide vs. placebo at 18 months, with secondary measures including non-vertebral fractures vs. placebo, BMD (lumbar spine, hip, femoral neck) vs. Forteo, number of hypercalcemic events vs. Forteo, and 24-month fracture data. The trial is 90% powered for the primary endpoint of new vertebral fractures versus placebo.

### Potential of Abaloparatide

We are intrigued by the potential of abaloparatide as a replacement for Forteo, as well as the opportunity to expand the market for anabolic bone agents. **In simplest terms, abaloparatide may offer unique advantages to Forteo that make it both more physician- and patient-friendly.** For example, unlike Forteo, abaloparatide-SC will not need refrigeration. In addition, abaloparatide-SC may be able to build bone faster than Forteo, as demonstrated in Phase II testing, without the concern of hypercalcemia. While Forteo also carries a warning regarding concern of osteosarcoma, this is largely seen as an observed effect in rats, and abaloparatide's carcinogenicity studies suggest the same.

### RAD1901

Licensed from Eisai in 2006 (worldwide rights except for Japan), RAD1901 is a selective estrogen regulator in development for the treatment of brain metastases associated with breast cancer (BCBM) and in a second formulation (lower dose) for the treatment of post-menopausal vasomotor symptoms (hot flashes). RAD1901, consistent with agents such as Evista (raloxifene), has both estrogen agonist and estrogen antagonist properties in different tissues. For instance, RAD1901 appears to protect against bone loss through its estrogen-like activities on bone, but unlike estrogen, does not stimulate endometrial growth. Preclinical studies show that RAD1901 does not stimulate replication of breast cancer cells, and has antiproliferative properties in mouse models of human breast cancer. But RAD1901 is able to cross the blood brain barrier at pharmacological levels that are detectable in the brain, and that suggests that the drug could be a meaningful treatment to estrogen receptor positive (ER+) brain cancers that have metastasized to the brain, as well as for the treatment of vasomotor symptoms in women experiencing menopausally-related hot flashes.

- **Vasomotor Symptoms:** A study examining RAD1901 in vasomotor symptoms was conducted in 100 healthy perimenopausal women, evaluating four doses from 10 mg to 100 mg of RAD1901 versus placebo. Efficacy was observed at the 10 mg dose level, with a statistically significant reduction in the frequency of moderate and severe hot flashes for the study period, as well as at weekly time intervals from 2 to 4 weeks, compared to placebo. The drug did not produce a linear dose-response, and while numerical reductions in mean severity were observed, these did not reach statistical significance. However, **given the effect on reduction in frequency of hot flashes over time and the modest safety profile of the drug, Radius believes that a larger Phase IIb study in vasomotor symptoms is warranted, and will begin such a trial in 2015.**
- **Breast Cancer:** In breast cancer, the use of anti-estrogen agents is well established. Tamoxifen, the first SERM to be employed in the treatment of breast cancer, is used both as a therapeutic for women with metastatic disease, and as a preventative agent for ER+ early-stage breast cancer. Because RAD1901 appears to have similar anticancer properties and crosses the blood brain barrier at pharmacologic doses, **Radius is exploring this indication, with anticipation of initiating a Phase Ib study by year-end following a dosing study (with data to be presented at the San Antonio Breast Cancer Symposium in December).** We think there is substantial opportunity in this area, particularly given Roche's recent acquisition of Seragon, a private company working on drugs with similar mechanism of action, for \$725 million plus \$1 billion in contingent milestone payments.

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## Valuation

We believe shares of Radius have the potential for valuation expansion to \$26. This is based on:

- **Discounted revenue** – Based on the possibility of revenues from U.S. sales of abaloparatide-SC and abaloparatide-TD beginning in 2016, we are forecasting 2020 sales of approximately \$425 million. Using an 8x multiple on revenue and a 30% discount rate, Radius shares could be worth \$20 per share.
- **RAD1901** -- Now that a more clear development path of RAD1901 is established, we think the shares should incorporate at least \$200 million, or an additional \$6 per share of value for this candidate.

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## Risks

Radius Health is a development-stage company, and investment is subject to risk. These risks include but are not limited to:

- Development of new drugs carries a high failure rate, either because the drug in question fails to show efficacy, or significant safety issues arise during the clinical trial process. Additionally, regulatory authorities such as the Food & Drug Administration (FDA) and European Medicines Agency (EMA) may delay the approval process or reject Radius' clinical findings.
- The clinical landscape is crowded with hundreds of clinical trials. It is possible that other drugs will show greater benefit to patients than Radius' candidates, thus rendering potential products obsolete or non-competitive. Additionally, drug development is inherently risky, and it is possible that Radius' proprietary and partnered candidates will not be associated with successful clinical outcomes.
- Radius has rights and patents for its technologies and compounds, many of which have been licensed from third parties. There can be no assurances that such patents will not be subject to challenges, though none are known at this time.
- Radius is not cash flow positive and has not generated profits. There is no guarantee that the company will do so in the near future. The company has roughly \$50 million in cash and has stated that current development plans should allow cash to last into 2015.
- The market is competitive, and we expect potential competitor drugs to abaloparatide to lose exclusivity while Radius' drugs are commercially available. There are no assurances that payors, either public or private, will adopt Radius' products over generic drugs.
- The market for Radius stock can be volatile, particularly because there is limited history as a publicly-traded company.

**Exhibit 2: Annual Sales and Earnings**
**Radius Health, Inc.**

<i>All figures in millions, fiscal year ended June 30</i>	<b>2020E</b>	<b>2019E</b>	<b>2018E</b>	<b>2017E</b>	<b>2016E</b>	<b>2015E</b>	<b>2014E</b>
<b>Revenue</b>	<b>\$424.52</b>	<b>\$281.41</b>	<b>\$204.21</b>	<b>\$100.36</b>	<b>\$43.91</b>	<b>\$0.00</b>	<b>\$0.00</b>
Cost of Goods Sold	53.49	36.86	31.92	17.36	12.30	0.00	0.00
<b>Gross Profit</b>	<b>\$371.03</b>	<b>\$244.54</b>	<b>\$172.29</b>	<b>\$82.99</b>	<b>\$31.62</b>	<b>\$0.00</b>	<b>\$0.00</b>
<i>Gross Profit Margin</i>	<i>87.40%</i>	<i>86.90%</i>	<i>84.37%</i>	<i>82.70%</i>	<i>72.00%</i>	<i>NM</i>	<i>NM</i>
Operating Expenses							
G&A	45.01	40.55	36.21	31.00	26.91	18.76	12.27
R&D	72.00	64.80	58.91	52.93	45.63	39.71	52.47
Total Operating Expenses	117.01	105.36	95.12	83.93	72.54	58.47	64.74
<b>Profit (Loss) from Operations</b>	<b>\$254.02</b>	<b>\$139.19</b>	<b>\$77.17</b>	<b>(\$0.94)</b>	<b>(\$40.92)</b>	<b>(\$58.47)</b>	<b>(\$64.74)</b>
<i>Operating Profit Margin</i>	<i>60%</i>	<i>49%</i>	<i>38%</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
Interest Income (Expense)	(1.03)	(0.98)	(0.94)	(0.89)	(0.85)	(1.35)	(2.36)
Other Income (Expense)	1.53	1.46	1.39	1.32	1.26	0.90	(0.03)
<b>Income (Loss) from Continuing Operations</b>	<b>\$254.52</b>	<b>\$139.66</b>	<b>\$77.62</b>	<b>(\$0.51)</b>	<b>(\$40.51)</b>	<b>(\$58.92)</b>	<b>(\$67.13)</b>
Pretax Margin	59.95%	49.63%	38.01%	NM	NM	NM	NM
Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax Rate	NM	NM	NM	NM	NM	NM	NM
Accretion of Preferred Stock	0.00	0.00	0.00	0.00	0.00	0.00	(9.00)
<b>Net Income</b>	<b>\$254.52</b>	<b>\$139.66</b>	<b>\$77.62</b>	<b>(\$0.51)</b>	<b>(\$40.51)</b>	<b>(\$58.92)</b>	<b>(\$76.13)</b>
<b>Diluted Earnings (Net Loss) Per Share</b>	<b>\$5.43</b>	<b>\$3.28</b>	<b>\$1.88</b>	<b>(\$0.01)</b>	<b>(\$1.12)</b>	<b>(\$1.71)</b>	<b>(\$4.34)</b>
<i>Shares Outstanding</i>	46.89	42.63	41.18	37.96	36.15	34.43	17.53

**Exhibit 3: Sales and Earnings by Quarter**
**Radius Health, Inc.**

<i>All figures in millions</i>	<b>2014E</b>	<b>4Q14E</b>	<b>9Mos14A</b>	<b>3Q14A</b>	<b>6Mos14A</b>	<b>2Q14A</b>	<b>1Q14A</b>
<b>Revenue</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Cost of Goods Sold	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Gross Profit Margin</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
Operating Expenses							
SG&A	12.27	4.22	8.05	2.84	5.21	3.07	2.14
R&D	52.47	18.32	34.15	13.82	20.34	10.62	9.72
Total Operating Expenses	64.74	22.54	42.20	16.65	25.54	13.69	11.86
<b>Profit (Loss) from Operations</b>	<b>(\$64.74)</b>	<b>(\$22.54)</b>	<b>(\$42.20)</b>	<b>(\$16.65)</b>	<b>(\$25.54)</b>	<b>(\$13.69)</b>	<b>(\$11.86)</b>
<i>Operating Profit Margin</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
Interest (Expense) & Other Income (Expense)	(2.36)	(0.04)	(2.32)	(0.77)	(1.55)	1.08	(1.62)
Unrealized gain from marketable securities	(0.03)	(0.02)	(0.01)	(0.01)	0.00	0.00	0.00
<b>Pretax Income (Loss)</b>	<b>(\$67.13)</b>	<b>(\$22.60)</b>	<b>(\$44.53)</b>	<b>(\$17.43)</b>	<b>(\$27.10)</b>	<b>(\$12.61)</b>	<b>(\$13.48)</b>
<i>Pretax Margin</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
Accretion of Preferred Stock	(9.00)	0.00	(9.00)	0.00	(9.00)	(4.03)	(4.97)
<b>Net Income (Loss)</b>	<b>(\$76.13)</b>	<b>(\$22.60)</b>	<b>(\$53.53)</b>	<b>(\$17.43)</b>	<b>(\$36.10)</b>	<b>(\$16.64)</b>	<b>(\$8.51)</b>
<b>Basic &amp; Diluted Net Loss Per Share</b>	<b>(\$4.34)</b>	<b>(\$0.70)</b>	<b>(\$4.27)</b>	<b>(\$0.59)</b>	<b>(\$9.11)</b>	<b>(\$2.22)</b>	<b>(\$50.48)</b>
<i>Shares Outstanding</i>	<i>17.53</i>	<i>32.48</i>	<i>12.54</i>	<i>29.75</i>	<i>3.96</i>	<i>7.50</i>	<i>0.39</i>

Source: Radius Health, Cantor Fitzgerald research

Exhibit 4: Select Biotechnology Stocks

Biotechnology Cantor Fitzgerald	Mara Goldstein - 212.610.2215 mgoldstein@cantor.com
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Mkt Cap. Range	Company (a)	Ticker	Rating	Price 11/11/14	Market Cap. (mil)	52-Week		Performance (b)			Earnings Per Share (c)			Revenue Per Share (c)			Per Share Cash	EV (mil)	Short Interest
						High	Low	YTD	QTD	1-Year	2013A	2014E	2015E	2013A	2014E	2015E			
Small Cap	Curis	CRIS	NC	\$1.29	\$110.95	\$3.65	\$1.19	-55.1%	-0.8%	-53.1%	(\$0.15)	(\$0.22)	(\$0.23)	\$0.17	\$0.12	\$0.18	\$0.65	\$83.8	3,772,449
	Cyclacel	CYCC	NC	3.10	70.3	5.25	2.68	-25.7%	5.4%	-15.3%	(1.28)	(0.99)	(1.02)	0.05	0.04	0.00	1.48	36.8	1,203,881
	Endocyte*	ECYT	BUY	6.25	260.7	33.70	5.31	-42.0%	4.2%	-46.3%	(0.50)	0.06	(1.18)	1.56	1.67	0.00	NA	49.6	7,201,806
	Exelixis	EXEL	NC	1.77	345.5	8.41	1.35	-71.4%	17.2%	-64.6%	(1.33)	(1.40)	(0.93)	0.16	0.13	0.18	NA	345.5	50,748,860
	Galena Biopharma	GALE	SELL	1.91	232.0	7.77	1.56	-62.4%	-4.0%	-19.4%	(0.46)	(0.35)	(0.28)	0.02	0.12	0.20	0.43	186.6	19,653,682
	ImmunoCellular	IMUC	NC	0.58	35.4	4.00	0.53	-40.5%	-31.4%	-76.1%	(0.16)	(0.18)	(0.24)	0.00	0.00	0.00	0.39	11.9	1,269,277
	Oncothyreon	ONTY	HOLD	1.67	152.9	4.08	1.52	-8.2%	-14.4%	-12.6%	(0.62)	(0.42)	(0.41)	0.00	0.00	0.00	1.00	61.7	6,128,331
	Progenics	PGNX	NC	6.28	436.8	7.45	3.10	16.5%	25.9%	61.9%	(0.76)	0.12	(0.24)	0.11	0.76	0.51	1.23	351.6	9,550,260
	Stemline	STML	NC	14.95	198.2	31.48	10.50	-26.5%	22.4%	-42.3%	(2.35)	(2.39)	(2.68)	0.01	0.02	0.01	1.67	176.0	1,013,322
	Sunesis Pharma	SNSS	HOLD	1.68	101.5	8.46	1.00	-63.9%	-74.6%	-67.3%	(0.66)	(0.76)	(0.28)	0.13	0.10	0.32	0.74	68.4	6,382,443
	Synta	SNTA	NC	3.25	353.9	7.22	2.62	-38.2%	6.9%	-18.8%	(1.27)	(0.92)	(0.92)	0.00	0.00	0.00	1.10	234.6	11,494,036
	Verastem	VSTM	BUY	9.20	238.2	16.60	7.10	-26.3%	4.8%	-15.8%	(1.82)	(1.99)	(2.13)	0.00	0.00	0.00	4.25	128.2	3,237,286
	<b>Average</b>				<b>\$197.5</b>			<b>-36.8%</b>	<b>-4.7%</b>	<b>-32.1%</b>	<b>(\$1.06)</b>	<b>(\$0.84)</b>	<b>(\$0.93)</b>	<b>\$0.17</b>	<b>\$0.23</b>	<b>\$0.11</b>	<b>\$1.41</b>	<b>\$134.5</b>	<b>9,364,557</b>
Mid Cap	Agios Pharmaceuticals	AGIO	NC	\$81.91	\$2,822.45	\$88.82	\$15.77	241.0%	31.8%	312.6%	(\$2.83)	(\$1.51)	(\$1.99)	\$0.74	\$1.58	\$2.23	\$6.90	\$2,584.6	3,325,610
	Ariad	ARIA	NC	6.26	1,171.9	9.83	2.31	-13.8%	18.6%	169.8%	(1.49)	(1.10)	(0.73)	0.24	0.35	0.84	1.46	898.5	47,657,175
	Array Biopharma	ARRY	BUY	3.84	506.7	6.07	2.98	-22.1%	10.3%	-31.3%	(0.47)	(0.69)	(0.65)	0.53	0.32	0.37	0.84	500.6	20,601,726
	Celldex	CLDX	BUY	14.46	1,295.5	33.33	10.76	-41.2%	16.9%	-43.6%	(1.02)	(1.30)	(0.87)	0.05	0.03	0.00	2.50	1071.4	20,057,311
	Clovis Oncology	CLVS	NC	61.31	2,084.5	93.33	35.33	3.6%	32.2%	16.0%	(2.95)	(4.24)	(5.69)	0.00	0.40	0.00	15.19	1568.0	5,472,667
	Epizyme	EPZM	NC	24.26	828.8	41.23	18.10	19.7%	-8.9%	-28.4%	(0.22)	(1.70)	(1.96)	2.00	1.22	1.42	6.20	617.1	3,340,688
	Immunogen (d)	IMGN	HOLD	10.10	863.3	17.80	7.70	-32.6%	-3.3%	-26.0%	(0.87)	(0.83)	(0.70)	0.42	0.70	1.19	1.42	741.6	9,190,714
	Incyte	INCY	NC	71.06	12,005.0	71.80	38.97	38.7%	48.3%	89.2%	(0.56)	(0.11)	0.20	2.10	3.14	4.08	3.15	12202.4	10,051,650
	Infinity Pharm	INFI	NC	13.62	661.7	18.35	8.40	1.3%	-0.6%	-3.1%	(2.64)	(1.14)	(3.21)	0.00	3.86	1.99	7.81	282.2	4,157,537
	Medivation	MDVN	NC	107.29	8,328.4	113.61	54.37	69.1%	6.9%	74.7%	(0.57)	2.66	3.28	3.52	8.57	10.94	4.14	8244.5	3,686,362
	Merrimack Pharm.*	MACK	BUY	8.35	873.3	9.59	2.40	49.4%	-1.4%	238.1%	(1.32)	(0.88)	(1.08)	0.46	0.91	0.65	1.47	719.6	18,881,677
Large Cap	NuLink Genetics	NLNK	BUY	32.27	899.7	53.48	16.58	50.9%	40.6%	83.7%	(1.23)	(2.03)	(1.21)	0.04	0.04	1.86	2.43	839.0	5,619,273
	Oncomed	OMED	NC	21.40	638.4	42.34	12.07	-27.0%	8.7%	64.0%	(1.93)	(1.35)	(0.62)	1.27	1.65	3.28	8.93	372.1	3,080,331
	Pharmacyclics	PCYC	NC	134.29	10,144.1	154.89	82.51	23.8%	16.0%	10.6%	0.87	0.78	0.17	3.44	9.10	12.63	9.75	9407.7	5,250,367
	Seattle Genetics	SGEN	HOLD	36.91	4,547.7	55.99	30.80	-8.1%	0.0%	-5.2%	(0.51)	(0.87)	(0.49)	2.19	2.10	2.80	2.76	4208.1	16,734,593
	<b>Average</b>				<b>\$3,178.1</b>			<b>23.5%</b>	<b>14.4%</b>	<b>61.4%</b>	<b>(\$1.18)</b>	<b>(\$0.95)</b>	<b>(\$1.04)</b>	<b>\$1.13</b>	<b>\$2.26</b>	<b>\$2.95</b>	<b>\$5.00</b>	<b>\$2,950.5</b>	<b>11,807,179</b>
	Alexion	ALXN	NC	\$194.92	\$38,650.10	\$197.64	\$113.14	46.1%	16.6%	66.0%	\$3.08	\$5.20	\$5.92	\$7.82	\$11.23	\$13.79	\$8.99	\$36,937.9	3,208,756
	Amgen	AMGN	NC	162.42	123,548.0	164.65	108.20	40.3%	17.0%	43.5%	7.60	8.56	9.28	24.55	26.17	27.39	36.91	128,453.0	10,854,901
	Biogen Idec	BIIB	NC	324.59	76,653.6	358.89	231.00	15.8%	0.3%	37.1%	8.96	13.50	16.37	29.35	41.02	47.29	7.88	75,382.6	2,678,774
	Celgene	CELG	BUY	107.85	89,623.4	109.25	66.85	25.5%	15.4%	44.8%	2.98	3.70	4.91	7.81	8.99	11.16	7.04	90,613.4	13,465,958
	Gilead	GILD	NC	108.01	162,950.8	116.83	63.50	43.6%	2.3%	60.3%	2.04	7.91	9.90	7.42	16.08	18.99	4.19	166,369.4	51,964,702
	Regeneron	REGN	NC	398.36	40,499.4	410.18	257.69	45.1%	12.0%	40.7%	8.17	10.05	11.76	20.70	27.44	33.71	10.25	40,022.5	3,895,663
	Vertex	VRTX	NC	117.49	28,258.9	117.97	58.06	59.1%	9.5%	92.4%	(1.98)	(2.98)	(0.38)	5.04	2.35	5.22	6.14	27,609.4	8,506,335
	<b>Average</b>				<b>\$80,026.3</b>			<b>39.3%</b>	<b>10.5%</b>	<b>55.0%</b>	<b>\$4.41</b>	<b>\$6.56</b>	<b>\$8.25</b>	<b>\$14.67</b>	<b>\$19.04</b>	<b>\$22.51</b>	<b>\$11.63</b>	<b>\$39,494.1</b>	<b>13,510,727</b>
Indices	S&P 500	SP50	NA	2,039.7	NA	2,041.28	1,737.92	11.3%	4.8%	15.2%	NA	117.70	129.42	NA	NA	NA	NA	NA	NA
	Dow Jones Ind	DJII	NA	17,613.7	NA	17,621.87	15,340.69	7.1%	4.8%	11.7%	NA	1,126.20	1183.42	NA	NA	NA	NA	NA	NA
	NASDAQ Comp	COMP	NA	4,660.6	NA	4,661.23	3,899.31	12.5%	5.4%	18.9%	NA	209.52	245.19	NA	NA	NA	NA	NA	NA
	Amex Biotech Index	BTX	NA	3,335.7	NA	3,421.15	2,119.13	42.4%	9.2%	56.6%	NA	129.46	161.73	NA	NA	NA	NA	NA	NA
	NASDAQ Biotech	NBI	NA	3,096.2	NA	3,168.03	2,124.45	30.4%	9.8%	45.1%	NA	105.16	135.22	NA	NA	NA	NA	NA	NA
Mkt Cap. Range	Company	Ticker	Rating	Price Change From		P/E			Price/Sales			Price/				EV/			
				High	Low	2013A	2014E	2015E	2013A	2014E	2015E	Cash	Debt	BV	EBITDA	Net Inc.	FCF	Sales	BV
Mid	Medivation	MDVN	NC	-5.6%	97.3%	NA	40.3	32.7	30.51	12.51	9.81	25.91	35.05	105.70	(438.7)	(186.3)	NA	45.4	104.6
Large	Alexion	ALXN	NC	-1.4%	72.3%	63.3	37.5	32.9	24.91	17.36	14.14	21.69	556.12	0.35	65.5	60.5	95.0	32.6	0.3
Large	Amgen	AMGN	NC	-1.4%	50.1%	21.4	19.0	17.5	6.62	5.93	4.40	3.75	5.55	227.9	22.2	30.7	7.4	5.8	
Large	Biogen Idec	BIIB	NC	-9.6%	40.5%	36.2	24.1	19.8	11.06	7.91	6.86	41.18	130.54	NA	24.8	35.6	46.4	13.7	NA
Large	Celgene	CELG	BUY	-1.3%	61.3%	36.2	29.1	22.0	13.80	11.99	9.66	15.33	13.11	15.81	38.7	36.6	47.5	16.5	16.0
Large	Gilead	GILD	NC	-7.5%	70.1%	52.9	13.7	10.9	14.55	6.72	5.69	25.83	NM	14.58	33.6	54.1	59.5	17.1	14.9
Large	Regeneron	REGN	NC	-2.9%	54.6%	48.8	39.7	33.9	19.24	14.52	11.82	38.86	71.64	31.12	49.9	48.18	NA	29.0	30.8
Large	Vertex	VRTX	NC	-0.4%	102.4%	NA	NA	NA	23.32	49.99	22.50	19.12	34.12	25.55	(182.8)	(58.0)	140.4	18.1	NA
Large Cap Only						43.1	23.3	19.6	16.2	16.4	10.9	\$23.77	\$50.63	28.85	(5.3)	28.5	69.9	19.2	28.7

(a) All companies listed on NASDAQ

(b) NA values returned for public companies with less than one year trading history. Figures reflect most current available time period.

(c) All figures consensus estimates except for rated companies. Rated companies are Cantor Fitzgerald estimates. EPS and revenue per share exclude option expense and other one-time items, when available, otherwise EPS actual and estimates reflect non GAAP format.

(d) ImmunoGen CY estimates represent fiscal year-end (June) figures.

\* Covered by another Cantor analyst

Source: Cantor Fitzgerald research, FactSet



## Company Description

*Radius Health is a development-stage biopharmaceutical firm focused on the commercialization of therapeutics for the treatment of osteoporosis and other serious endocrine-mediated disease.*

## Companies Mentioned:

Agiros Pharmaceuticals, Inc. (AGIO - NASDAQ): NC  
Alexion Pharmaceuticals Inc. (ALXN - NASDAQ): NC  
Amgen Inc. (AMGN - NASDAQ): NC  
Ariad Pharmaceuticals Inc. (ARIA - NASDAQ): NC  
Array BioPharma, Inc. (ARRY - NASDAQ): BUY  
Biogen Idec (BIIB - NASDAQ): NC  
Celgene Corporation (CELG - NASDAQ): BUY  
Celldex Therapeutics, Inc. (CLDX - NASDAQ): BUY  
Clovis Oncology Inc. (CLVS - NASDAQ): NC  
Curis Inc. (CRIS - NASDAQ): NC  
Cyclacel Pharmaceuticals, Inc. (CYCC - NASDAQ): NC  
Eli Lilly and Company (LLY - NYSE): NC  
Endocyte, Inc. (ECYT - NASDAQ): BUY  
Epizyme, Inc. (EPZM - NASDAQ): NC  
Exelixis Inc. (EXEL - NASDAQ): NC  
Galena Biopharma (GALE - NASDAQ): SELL  
Gilead Sciences Inc. (GILD - NASDAQ): NC  
ImmunoCellular Therapeutics Ltd. (IMUC - NASDAQ): NC  
ImmunoGen, Inc. (IMGN - NASDAQ): HOLD  
Incyte Corporation (INCY - NASDAQ): NC  
Infinity Pharmaceuticals, Inc. (INFI - NASDAQ): NC  
Medivation Inc. (MDVN - NASDAQ): NC  
Merrimack Pharmaceuticals Inc. (MACK - NASDAQ): BUY  
NewLink Genetics Corporation (NLNK - NASDAQ): BUY  
OncoMed Pharmaceuticals, Inc. (OMED - NASDAQ): NC  
Oncothyreon Inc. (ONTY - NASDAQ): HOLD  
Pharmacyclics Inc. (PCYC - NASDAQ): NC  
Progenics Pharmaceuticals, Inc. (PGNX - NASDAQ): NC  
Regeneron Pharmaceuticals Inc. (REGN - NASDAQ): NC  
Roche Holdings (ROG.VX - SWX): NC  
Seattle Genetics, Inc. (SGEN - NASDAQ): HOLD  
Stemline Therapeutics, Inc. (STML - NASDAQ): NC  
Sunesis Pharmaceuticals, Inc. (SNSS - NASDAQ): HOLD  
Synta Pharmaceuticals Corp. (SNTA - NASDAQ): NC  
Verastem, Inc. (VSTM - NASDAQ): BUY  
Vertex Pharmaceuticals Inc. (VRTX - NASDAQ): NC  
Seragon Pharmaceuticals, Inc. (Private)

## Disclosures Appendix

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Rating	Cantor		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
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HOLD [H]	49	33.33	10	20.41
SELL [S]	9	6.12	1	11.11