

MORNING SUMMARY

November 17, 2014

RESEARCH AND MARKET COMMENTARY

Topic	Current Rating	ACTION		ESTIMATE CHANGES					Main Topic
		Rating	Price Target	Metric	Current Quarter	Next Quarter	Current FY	Next FY	
CLDX	B	—	—	EPS (\$)	—	—	—	—	Company Update
KITE	B	—	—	EPS (\$)	—	—	—	—	Earnings Release
MDCO	B	—	—	Revenue (\$M)	—	—	—	—	Company Update
PBCT	N	—	—	EPS (\$)	▼	—	▼	▼	Company Update
VRX	B	—	—	Revenue (\$M)	—	—	—	—	Company Update

[WRG Financial Services: Nov. 17 to 21: Liquidity Regulation Risk This Week for Big Banks](#)

[WRG Health: IRF/SNF Site-Neutral Pay Unlikely in Next Doc Fix, But If It Is, The Cut Likely to Be Marginal](#)

[WRG Pharma: Soliris REMS: DSARM Committee to Answer Broader Question, If It Isn't Broken, Should It Be Fixed?](#)

[WRG Politics: Immigration Executive Action and Keystone Hail Mary – Week Ahead \(DC Download\)](#)

[WRG Weekly Checkup: Nov. 17-21: ObamaCare Exchange Goes Live](#)

COMPANY AND INDUSTRY UPDATES

[PBCT - NEUTRAL - Relationship Focus Driving Organic Growth with M&A Flexibility](#)

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NEUTRAL			
PBCT	\$14.78	Price Target \$15.00	
Current Q	Next Q	Current FY	Next FY
\$0.21	\$0.21	\$0.84	\$0.90
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$4,552	EPS (\$)	17.6x	16.4x

- Following recent investor meetings with management, we are maintaining our NEUTRAL rating given valuation but believe PBCT has passed an inflection point for improving spread revenue into 2015. We have a favorable view on business momentum with strong loan growth in attractive markets, which, along with a strong dividend, low credit cost, and opportunity for fee income growth, limits downside risk, in our view.
- The bank's philosophy is in developing long-term relationships that will drive organic growth; however, we believe M&A remains a priority to strengthen current and adjacent markets. We believe management will be disciplined in pricing a transaction that provides good visibility into earnings benefits and limited execution risk from a size perspective.
- The lending outlook remains favorable with diversification into products and markets that provide flexibility to manage growth at a high-single-digit to low-double-digit rate. PBCT has hired new bankers and teams in Boston and NY/Long Island that are driving much of the growth and give PBCT a greater opportunity to sustain growth.

- Ongoing NIM compression is likely to continue with 3-5bp of compression quarterly; however, we believe spread revenue growth will increase from loan growth. We believe PBCT's asset sensitivity comes from a small securities portfolio, higher growth C&I portfolio with total variable rate loans of 40%, and low cost deposit base.
- We believe PBCT can continue to create operating leverage and improve the efficiency ratio in the low 60s. Through continued expense management, the most improvement should come from revenue growth. Management noted the bank is introducing cash recyclers and upgrading ATMs, which should create efficiency opportunities.

MDCO - BUY - Positive New Data on MDCO-216 Underscores MDCO's Pipeline Is Undervalued

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BUY			
MDCO	\$24.47	Price Target \$42.00	
Current Q	Next Q	Current FY	Next FY
\$186.8	-	\$720.2	\$817.7
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$1,601	Rev(\$M)	-	-

*Reminder: Be sure to register for the 2014 **Guggenheim Securities Life Sciences Day** on Tuesday, December 16 in Boston, by contacting your Guggenheim institutional sales representative. This event will consist of a full day of one-on-one meetings with senior management from more than 35 large-, mid-, and small-cap life sciences companies.*

- Positive Ph 1 data support advancement into Ph 2 trials and underscore MDCO's pipeline is underappreciated.** The Medicines Company (MDCO, BUY, \$24.47) presented new Phase 1 data showing investigational agent MDCO-216 modified key lipid parameters and was well tolerated in healthy and coronary artery disease (CAD) patients. The findings were presented at the 2014 AHA (American Heart Association) Annual Scientific Sessions Meeting in Chicago and support further development of MDCO-216 as potential treatment for reducing atherosclerotic disease. MDCO expects to initiate a Phase 2 trial of MDCO-216 in 2015. MDCO-216 addresses a big potential opportunity for the company and underscores that MDCO's pipeline is undervalued. We like MDCO because there is a large market for MDCO's drugs that address the new treatment paradigm in hospitals (treat effectively, get out faster). With eight potential launches over the next two years and peak sales potential of \$3B (\$16.50 in EPS) for these drugs, according to our model, we believe MDCO's pipeline is underappreciated. MDCO's stock also seems to us to be undervalued (we see a lot of potential value to be unlocked in the pipeline). MDCO has a market cap of \$1.6B, whereas similar companies have higher valuations. Cadence Pharmaceuticals was acquired for ~\$1.3B (one product, no pipeline) and Pacira Pharmaceuticals (PCRX, NC, \$88.10) has a market cap of \$3.2B. Also, we think there is meaningful upside potential to MDCO shares if the company can successfully commercialize its antibiotics. The market caps of Tetrphase (TTPH, BUY, \$22.61) and Durata (DRTX, NC, \$23.75) together total \$1.3B (combined, we find them comparable to MDCO's antibiotic portfolio). MDCO has a market cap of just \$1.6B for the entire company (most value attributed to CV drugs).
- MDCO-216 has potential to modify atherosclerotic disease by promoting reverse cholesterol transport.** On November 16, 2014, MDCO presented findings from a new Phase 1 study showing a single infusion of MDCO-216, an investigational lipid-modifying agent, in both healthy and CAD patients, modified key lipid parameters including ApoA-1, phospholipids, HDL, pre-beta 1 HDL, and Apo E, markedly increased ABCA1 mediated efflux, a potential marker of reverse cholesterol transport, and was well tolerated. The study was presented as part of a poster session at the AHA. Clinical findings have shown that human carriers of the ApoA-1 Milano variant have a reduced incidence of cardiovascular disease. MDCO-216, currently under development by MDCO, is a complex of recombinant human Apo A1 with phospholipids to emulate an HDL particle.
- Study demonstrated that MDCO-216 was well tolerated with no serious adverse events.** In the Phase 1 study, 24 healthy volunteers and 24 patients with documented CAD received a two-hour infusion of MDCO-216 in a randomized, placebo-controlled, single-ascending dose study. Five cohorts of healthy volunteers and four cohorts of CAD patients received doses ranging from 5 to 40 mg/kg. Subjects were followed for 30 days and returned throughout the study for safety assessments. In both healthy volunteers and stable CAD patients, dose dependent increases in ApoA-1, phospholipid, and prebeta-1 HDL and decreases in Apo E were observed. Prominent and sustained increases in triglyceride and decreases in HDL-C occurred at doses above 20 mg/kg in both healthy volunteers and patients with CAD. In both subject populations, profound increases in ABCA1 mediated cholesterol efflux were observed. Other lipid and lipoprotein parameters were generally unchanged with increases in HDL particle size and a shift to larger HDL particles.
- Potential Catalysts.** 1) Approvals: Cangrelor, Ionsys, Raplixa, RPX-602, Carbavance; 2) Expand into PEI with Angiomax; 3) Business development; 4) Pipeline advancements.

VRX - BUY - Correction: ZTS Accretion Analysis Suggests VRX Has Alternatives

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BUY			
VRX	\$134.21	Price Target \$178.00	
Current Q	Next Q	Current FY	Next FY
\$2,182.3	-	\$8,165.8	\$9,062.3
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$44,769	Rev(\$M)	-	-

Correction: We have increased the EV of a potential VRX/ZTS deal from \$27.6B to \$31.3B (previously we did not include \$3.6B of ZTS debt). We also increased our interest rate on debt from 3% to 5%. Our analysis was intended to illustrate what we think it would take for VRX to be interested in this deal. Our assumptions on sales growth, synergies, and tax rates are based on VRX's past transactions. We are **NOT** suggesting that ZTS is unattractive as a standalone company, and a takeout may not align with ZTS's strategic interests.

One concern that we believe has been an overhang on VRX shares is that the stock would re-rate negatively if it does not successfully acquire AGN (harder to get high-quality larger deals done, other companies could put up a fight like AGN and this could drive VRX away). Therefore, the announcement that Pershing Square has taken a stake in ZTS shares underscores our belief that VRX shares will likely trade higher whether or not it acquires AGN, as many good potential alternatives exist for strategic/accretive deals, in our view.

We estimate a potential VRX/ZTS deal (published on 11/11 in *WSJ*) could be up to 17% accretive (see page 2). We assume it could be a \$55/share deal (50% cash/50% equity, pro-forma Debt/EBITDA 4x). We estimate VRX shares could be worth \$209 (17x P/E pro-forma '16 EPS of \$12.28, 56% upside) and could trade to \$266 if the company successfully acquires AGN (17x P/E pro-forma '16E EPS of \$15.65, 98% upside). The VRX/AGN deal has larger pro-forma EPS because AGN is a larger company, but we like both deals because: they are scarce assets, have good long-term growth prospects, and are accretive.

ZTS is hosting an Investor Day on 11/18. We believe it will be important for ZTS to show robust and sustainable long-term growth with a clear path to its objectives if it wants to remain a standalone entity. We also wonder if ZTS will give any color into whether a potential VRX/ZTS deal would be friendly or hostile. Finally, it will be interesting to see if there would be tax or FTC issues with other acquirers. We think a VRX/ZTS deal is likely the most efficient transaction, if it were to occur.

KITE - BUY - Reports Q3: Focus Is ASH in December

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BUY			
KITE	\$40.85	Price Target \$73.00	
Current Q	Next Q	Current FY	Next FY
\$(0.22)	\$(0.17)	\$(1.23)	\$(1.25)
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$1,565	EPS (\$)	NM	NM

This report was published on Friday, November 14, 2014.

- Kite (KITE, BUY, \$40.85) reported a Q3 loss of \$9.1 million compared to a loss of \$2.1 million in Q3 2013. The loss per share was (\$0.24) versus (\$0.37) one year ago. The loss per share in this quarter does not include (\$0.09) per share, or \$3.4 million, in stock-based compensation. Inclusive of stock-based compensation (FAS123R), the net loss was (\$0.33) per share.
- Key events for KITE include several presentations at the American Society of Hematology meetings in San Francisco on December 6-10. Several presentations or abstracts are listed discussing CD19 Chimeric Antigen Receptor engineered T cells. Most importantly, on Sunday December 7 a special symposium on Chimeric Antigen Receptor T cell will host two speakers. One is Dr. Carl June, who will speak on therapeutic Efficacy of Chimeric Antigen Receptor T Cells, and the second will be Dr. Steven Rosenberg, who will speak on Curative Potential of Cell Transfer Therapy In Cancer. We believe some of the data Dr. Rosenberg will discuss will be new and will include data attributed to KITE.
- Finally, registration trials for DLBCL, or diffuse large B cell lymphoma, will begin in Q1 2015. We do anticipate Breakthrough Designation for Cd19 CARs.

CLDX - BUY - Strong Rindopepimut+Avastin Survival Benefit in Second-Line Glioblastoma; Accelerated Approval Filing Likely

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BUY			
CLDX	\$14.16	Price Target \$30.00	
Current Q	Next Q	Current FY	Next FY
\$(0.35)	-	\$(1.31)	\$(1.38)
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$1,269	EPS (\$)	NM	NM

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On 11/14 at SNO'14, Celldex Therapeutics (CLDX, BUY, \$14.16) reported updated results from the Ph.II ReACT trial of rindopepimut (rindo) in advanced, EGFR-vIII+ glioblastoma multiforme (GBM). Very impressively, rindo+Avastin demonstrated a statistically significant 3.2 mo. overall survival (OS) benefit versus Avastin alone (12 mos. vs. 8.8 mos., respectively) in the Avastin-naïve cohort (Group 1) of the trial and significantly improved PFS6 (27% vs. 11%, respectively), the primary endpoint of the trial. Based on these efficacy results, we believe rindo+Avastin is the first regimen to demonstrate a significant OS benefit in advanced GBM, which we view as a major positive for CLDX. Despite the relatively small sample size in ReACT, we also note that the

median OS (8.8 mos) observed in the Avastin-only arm (N=37) is very similar to prior clinical results for Avastin in advanced GBM (see below), which we believe further validates the efficacy results from the trial. There were also trends toward improved overall response rate (ORR) and overall PFS for rindo+Avastin in the interim ReACT results. Elevated EGFR-vIII antibody titre was positively correlated with rindo+Avastin's efficacy, further supporting strong efficacy results for rindo in the trial. Although we note there were fewer Avastin-naïve, third-line patients enrolled in the rindo+Avastin cohort (n=3) compared to the Avastin cohort (N=9), we believe the magnitude of OS benefit seen for rindo+Avastin is unlikely to be explained by this imbalance, particularly as subgroup analyses consistently favored the combination.

Historical Comparison to ReACT		
	Treatment	Median OS (Months)
Friedman, 2009	Avastin	9.2
Friedman, 2009	Avastin+Irinotecan	8.7
Kreisl, 2009	Avastin	7.2
ReACT	Rindo+Avastin	12.0
ReACT	Avastin	8.8

Source: Company reports.

Although CLDX reported somewhat disappointing results from the Avastin-refractory ReACT cohort (Group 2/2C), with no additional responses, we believe the positive results from Group 1 substantially outweigh these data. We believe the final ReACT results, likely in 1H15, will show similar or possibly improved OS/PFS results in Group 1, given the interim results and a consistent OS benefit tail effect with rindo in Ph.II testing in front-line EGFR-vIII+ GBM. Based on this, we believe it is likely CLDX will seek accelerated U.S. approval of rindo for advanced GBM in mid-'15. We see a good probability the FDA will be receptive, given compelling ReACT results, substantial unmet medical need in a molecularly defined GBM subgroup, and the availability of Ph.III ACT IV results for rindo in front-line GBM by '16, at the latest. We expect meaningful upside in CLDX on the ReACT results, and we would continue to BUY the stock on strength, as we believe the potential of rindo in GBM, glembatumumab in TNBC, and varlilumab in multiple solid/hematologic cancers remains under-recognized.

MARKET COMMENTARY AND DESK ANALYSIS

Immigration Executive Action and Keystone Hail Mary – Week Ahead (DC Download)

THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT

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This is the last work week for Congress in November, with ~12 legislative days remaining in the lame duck. This week will host numerous Senate hearings from Democratic Chairmen who will lose their gavels at the end of the year – with retiring Sen. Carl Levin (D-MI) hosting a two-day event examining Wall Street banks' involvement with physical commodities. **The Senate will convene today to continue pushing through as many Obama federal judicial nominees as possible before it loses its ability at the end of the year and then move onto a vote to approve the Keystone XL Pipeline tomorrow (November 18), though pipeline supporters appear to be one vote short of the 60-vote threshold.** Our colleague Whitney Stanco notes that “even if the Senate passes the measure, the President appears to be leaning toward a veto. All hope is not lost for pipeline supporters, however. We believe the incoming Republican Senate will likely be able to muster a vote in favor of the pipeline next year and could work to attach the language to ‘must-pass’ legislation that would put pressure on the President to sign it.” President Obama returned from his Asia trip last night at 10 p.m. and will be in meetings at the White House most of the week, though his highly anticipated executive action on immigration reform could be unveiled as early as today. **The immigration reform action strikes us as a question of when, not if, and will – in the words of incoming Senate Majority Leader Mitch McConnell (R-KY) – be analogous to waving a red flag in front of a bull.** We view any executive actions on immigration reform as a very bearish indicator for any type of meaningful bipartisan compromise on tax reform, deficit reduction, housing finance reform, immigration reform, or any of the other big-ticket items on the permanent Washington agenda. The CR/Omnibus is going to be the primary legislative vehicle (expires on December 11), which is the biggest legislative variable in the lame duck and will foreshadow if budget brinksmanship will return in 2015 or if the budget/fiscal détente will hold next year. A short-term CR into February would signify the return of governing-by-crisis, whereas an omnibus for the remainder of FY15 to September 30, 2015 would signal a continued freeze on the budget wars. We do not believe Washington will trigger a government shutdown two weeks before Christmas, though, should Obama issue the immigration reform executive order in the coming weeks, it could make for a white-knuckle event around December 11.

Nov. 17 to 21: Liquidity Regulation Risk This Week for Big Banks

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Our Washington calendar of financial policy events is at the end of this note, but first a few comments on the future of liquidity regulation for the big banks, which is a topic Federal Reserve Gov. Daniel Tarullo is expected to discuss on Thursday.

Our View

- Liquidity regulation gets less attention than capital rules, but it represents just as great of a threat to big bank profitability. Our view remains that regulators will require big banks to hold more highly liquid assets than the regulatory minimums outlined in the Liquidity Coverage Ratio and the Net Stable Funding Ratio.
- Higher liquidity requirements represent a dual threat to banks. The highly liquid asset requirement means banks have to hold more government securities and originate fewer loans. Yet these highly liquid assets also count toward the supplementary leverage ratio, which means the effective capital charge on these instruments may be more than their risk-weighting.
- There are four pillars to liquidity regulation: short-term, wholesale funding capital surcharge; CLAR; LCR; and NSFR. Of these, we believe there is the least understanding of the surcharge and CLAR, which is the Federal Reserve's liquidity stress test. Our view is that these two measures will most influence the cost of bank liquidity levels.

IRF/SNF Site-Neutral Pay Unlikely in Next Doc Fix, But If It Is, The Cut Likely to Be Marginal**THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT****Rick Weissenstein**

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- We continue to believe Congress is unlikely to call for the equalization of payments between SNFs and IRFs as part of the next doc fix. However, a recent analysis by a Medicare advisory group shows that if we are wrong and Congress does enact "site-neutral" payments, the impact on IRF Medicare payments is unlikely to be material in any year.
- According to a likely recommendation of the Medicare Payment Advisory Commission (MedPAC), the worst case scenario is likely to be a 7% reduction in IRF payments phased in over a three-year period. Given that IRFs have received an inflation update of 2% the last several years, the net effect would be roughly flat reimbursements for the phase-in period.
- MedPAC has no legislative authority but is often the source for changes in Medicare policy. Companies affected include HealthSouth.
- At its most recent meeting, MedPAC considered a recommendation that would call for reducing the differential in Medicare payments between IRFs and SNFs for 17 conditions, a mix of orthopedic, pulmonary, cardiac, and infections along with a separate group of orthopedic conditions that represent about 20% of IRF Medicare volume.
- If the rates for the IRFs were reduced to the SNF rate, the total reduction would be about \$497 million, or 7.1% of IRF Medicare spending. The recommendation will call for the cut to be phased in over a three-year period. The commission considered adding some stroke cases to the site-neutral measure, which would save an additional \$256 million, but appeared to reject that idea. Stroke cases are about 20% of Medicare IRF cases.

Soliris REMS: DSARM Committee to Answer Broader Question, If It Isn't Broken, Should It Be Fixed?**THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT****Amy Thornton**

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This report was published on Friday, November 14, 2014.

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- FDA's Drug Safety & Risk Management Advisory Committee will face two new contextual factors in the review of the REMS with Alexion's *Soliris* (ecolizumab) scheduled for November 18: a rare disease REMS and one for a commercially significant product. To view the briefing documents, click [here](#).
- *Soliris* is approved for (1) the treatment of paroxysmal nocturnal hemoglobinuria to reduce hemolysis and (2) the treatment of patients with atypical hemolytic uremic syndrome to inhibit complement mediated thrombotic microangiopathy.
- **The meeting is important for other drug sponsors with REMS on significant commercial products because it will test the combined appetite of the committee and FDA to unwind requirements of a risk program. The advisory committee meeting fulfills FDA's legislated mandate to convene a public review of a REMS program at least once a year.**
- FDA appears most interested in the committee's guidance on patient access to the therapy. "The agency has determined that the *Soliris* REMS is meeting its goals based upon the REMS assessment conducted by the sponsor and review of postmarketing cases of interest. Information regarding the impact of the *Soliris* REMS on patient access to the drug or on burden to the healthcare system are less understood," the briefing memo states.

- For the sponsor, however, any reduction in the requirements would likely trend toward symbolic. Alexion would surely welcome any changes to its REMS but the impact of administering the program is relatively modest given how the drug is marketed. Alexion is inevitably tied to a patient-by-patient enrollment model for *Soliris* to assure reimbursement for the therapy and manage dispute resolution for coverage of the drug even if that is not a formal regulatory obligation.
- Office of Hematology and Oncology Products Director Richard Pazdur has said oncology acts as a *de facto* REMS given the specialization of the disease and practitioners. Alexion is operating in a disease area several orders of magnitude more specialized and targeted.
- The Food and Drug Administration Amendments Act (FDAAA) requires FDA to bring, at least annually, one or more drugs with Risk Evaluation and Mitigation Strategies (REMS) with elements to assure safe use (ETASU) before its Drug Safety and Risk Management Advisory Committee (DSaRM).
- Prior meetings have focused on the program for generic versions of the acne drug isotretinoin (a market where the brand, *Accutane*, had been discontinued) and for Prometheus' *Lotronex*, a product launched with blockbuster expectations but no longer commercially relevant due to the safety issues that led to the REMS.
- The meeting is occurring at a time when FDA is actively walking back its use of the REMS for new product approvals. The sixth full year of the REMS era ended in March 2014, and for the fourth consecutive year, the percentage of new drug approvals that included a REMS declined. In the March-to-March 12-month period, FDA used the REMS just three times for new molecular entity approvals, or about 11% of the 26 NMEs cleared during that time. Looking at the broader universe of all original NDA approvals, FDA required a REMS for 8 of the 85 products approved during the 12 months, or about a 9% rate.

Nov. 17-21: ObamaCare Exchange Goes Live

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- Open enrollment for health insurance under ObamaCare's federal exchange went live on Saturday with differing estimates on how many people will enroll in the second year of the online marketplace. Last Friday CMS released the premium data for the plans in the federal exchange. It appears that for 2015 only about 20% of markets will have the same benchmark Silver plan as in 2014. That is likely to cause significant churn among beneficiaries who will need to change plans to avoid premium increases (see **Sept. 10 Health Policy Bulletin** for details).
- The Obama Administration recently announced a goal of between 9.1 million to 9.9 million paid enrollees by the end of 2015. This is below the 13 million estimate of the non-partisan scorekeepers at the Congressional Budget Office (CBO).
- Recall that over 8 million Americans enrolled in the ObamaCare exchange in 2014 (7.1 million paying), which was higher than the CBO's estimate of 6 million (lowered from a prior estimate of 7 million). Another 7 million people enrolled in Medicaid and CHIP, bringing the total newly insured to 15 million and uninsured rate down from 18% to 13.4%.
- According to Health and Human Services Secretary Sylvia Mathews Burwell, the Administration's estimate starts with the current number of paying customers (7.1 million) and assumes 83% re-enroll for 2015 (5.9 million), leaving 3 million to 4 million new customers for next year.
- CBO also projected enrollment would be 24 million in 2016 and 25 million in 2017; however, CBO's estimates were made before 2014's open enrollment was completed.

Upcoming Events

CONFERENCE CALLS

Name	Sector	Date	Time
Heads Up from Washington	Macro/Various	Every Friday	11:00 AM ET

Please contact your Guggenheim Salesperson for Dial In / Replay information

ANALYST / SPECIALIST MARKETING

Name	Sector	Location	Date
Raoul LeBlanc	Energy	Mid-Atlantic	November 17-18
Mike Morris	Media	Texas	November 18-19
Robert Cordray	Exploration & Production	Boston	November 18-19
Michael McCaughan	Pharma Policy	New York	November 19
Louise Chen	Speciality Pharmaceuticals	Connecticut	November 19
Tony Butler	Biopharmaceuticals	Minneapolis	November 19
Tony Butler	Biopharmaceuticals	Kansas City	November 20
Whitney Stanco	Energy	Kansas City	November 20
Robert Cordray	Exploration & Production	New York	November 19-21
Roman Schweizer	Defense	Texas	November 20-21
Robert Cordray	Exploration & Production	West Coast	December 1-5
John Heinbockel	Retail & Consumer	Texas	December 1-2
Michael LaMotte	Energy	Mid-Atlantic	December 3
Whitney Stanco	Energy	West Coast	Week of December 8
Tony Butler	Biopharmaceuticals	Texas	December 9-10
Michael LaMotte	Energy	Texas	December 15-16
Louise Chen	Speciality Pharmaceuticals	Boston	December 16
Paul Gallant	Telecom/Media	Texas	January 13-14

MANAGEMENT ACCESS

Name	Sector	Location	Date
Tetralogic	Healthcare	New York/SF	November 17-18
Antares Pharmaceuticals	Healthcare	Boston	November 18
Kosmos Energy	Energy	Kansas City	December 9
Noble Energy	Energy	Dallas	December 11
Boston Healthcare Conference	Healthcare	Boston	December 16

SPECIAL EVENTS AND THOUGHT LEADERS

Name	Sector	Location	Date
DC Housing Finance Day	Financial Services	Washington DC	December 8
Fannie and Freddie	Financial Services	Boston	December 16

Equity Research: Coverage Universe

ENERGY

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Exploration & Production	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Anadarko Petroleum Corporation	APC	Buy	\$90.19	\$123.00	\$45,677
Apache Corporation	APA	Neutral	\$73.35	\$82.00	\$27,615
Cobalt International Energy, Inc.	CIE	Buy	\$10.31	\$23.00	\$4,253
ConocoPhillips	COP	Buy	\$71.41	\$80.00	\$87,899
Devon Energy Corporation	DVN	Buy	\$64.18	\$77.00	\$26,256
Energy XXI Limited	EXXI	Buy	\$6.99	\$13.00	\$656
EOG Resources, Inc.	EOG	Buy	\$98.16	\$111.00	\$53,793
Hess Corporation	HES	Neutral	\$83.03	\$90.00	\$24,823
Kosmos Energy Ltd.	KOS	Buy	\$9.66	\$14.00	\$3,737
Marathon Oil Company	MRO	Buy	\$32.36	\$40.00	\$21,840
Noble Energy, Inc.	NBL	Buy	\$56.11	\$75.00	\$20,304
Occidental Petroleum Corporation	OXY	Buy	\$86.66	\$105.00	\$67,199
Pioneer Natural Resources Company	PXD	Buy	\$170.63	\$206.00	\$25,406
QEP Resources, Inc.	QEP	Buy	\$24.52	\$38.00	\$4,417
SM Energy Corporation	SM	Buy	\$52.11	\$88.00	\$3,513

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Offshore Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Atwood Oceanics, Inc.	ATW	Buy	\$35.48	\$55.00	\$2,283
Diamond Offshore Drilling Inc.	DO	Buy	\$35.81	\$50.00	\$4,911
Enso plc	ESV	Neutral	\$38.78	\$44.00	\$9,085
Hercules Offshore, Inc.	HERO	Neutral	\$1.50	\$1.50	\$241
Noble Corp.	NE	Buy	\$20.81	\$30.00	\$5,250
Ocean Rig UDW Inc.	ORIG	Neutral	\$12.68	\$15.00	\$1,672
Pacific Drilling S.A.	PACD	Buy	\$6.74	\$14.00	\$1,415
Rowan Companies Inc.	RDC	Neutral	\$23.75	\$25.00	\$2,958
Seadrill Ltd.	SDRL	Buy	\$20.78	\$50.00	\$10,246
Transocean Ltd.	RIG	Buy	\$26.05	\$45.00	\$9,436

Small/Mid Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Aker Solutions ASA	AKSO.NO	Buy	NOK 45.77	NOK 75.00	NOK 12,451
CARBO Ceramics Inc.	CRR	Neutral	\$49.04	\$55.00	\$1,132
Core Laboratories NV	CLB	Buy	\$138.90	\$170.00	\$6,083
Dril-Quip, Inc.	DRQ	Neutral	\$87.45	\$100.00	\$3,452
Forum Energy Technologies, Inc.	FET	Buy	\$27.16	\$40.00	\$2,557
Oceaneering International, Inc.	OII	Neutral	\$69.04	\$80.00	\$7,250
Superior Energy Services, Inc.	SPN	Neutral	\$24.71	\$26.00	\$3,760
U.S. Silica Holdings, Inc.	SLCA	Buy	\$43.53	\$70.00	\$2,347

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Large Cap Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Cameron International, Inc.	CAM	Buy	\$58.24	\$75.00	\$11,499
FMC Technologies, Inc.	FTI	Buy	\$54.31	\$70.00	\$12,700
National Oilwell Varco	NOV	Buy	\$71.34	\$90.00	\$30,717
Tenaris	TS	Buy	\$36.87	\$50.00	\$21,763

Large Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Baker Hughes, Inc.	BHI	Buy	\$59.89	\$72.00	\$25,908
Halliburton Company	HAL	Buy	\$55.08	\$75.00	\$46,678
Schlumberger, Ltd.	SLB	Buy	\$95.32	\$125.00	\$122,657
Weatherford International, Ltd.	WFT	Neutral	\$16.64	\$25.00	\$12,877

Land Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Helmerich & Payne	HP	Neutral	\$79.01	\$110.00	\$8,551
Nabors Industries	NBR	Neutral	\$16.59	\$32.00	\$4,802
Patterson UTI	PTEN	Neutral	\$21.33	\$40.00	\$3,123
Seventy Seven Energy Inc.	SSE	Buy	\$11.28	\$33.00	\$574

SMID Cap Services and Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
C&J Energy Services, Inc.	CJES	Neutral	\$19.95	\$32.00	\$1,104
Dresser-Rand Group Inc.	DRC	Neutral	\$81.63	\$83.00	\$6,257
Frank's International N.V.	FI	Buy	\$20.63	\$27.00	\$3,183
Oil States International Inc.	OIS	Neutral	\$56.65	\$60.00	\$3,012
Tesco Corporation	TESO	Buy	\$15.97	\$23.00	\$633

FINANCIAL SERVICES: BANKS

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Business Development Companies	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Ares Capital Corporation	ARCC	Buy	\$16.38	\$18.50	\$5,145
Hercules Technology Growth Capital, Inc.	HTGC	Buy	\$15.56	\$17.00	\$999

Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bridge Bancorp, Inc.	BDGE	Buy	\$26.54	\$29.00	\$309
ConnectOne Bancorp, Inc.	CNOB	Buy	\$18.86	\$24.00	\$559
FCB Financial Holdings, Inc.	FCB	Neutral	\$22.95	\$24.50	\$976
First Financial Bancorp.	FFBC	Neutral	\$18.12	\$18.50	\$1,112
First Midwest Bancorp, Inc.	FMBI	Buy	\$17.07	\$20.00	\$1,285
Independent Bank Corp.	INDB	Buy	\$40.61	\$43.00	\$973
OFG Bancorp	OFG	Buy	\$15.13	\$19.00	\$676
S&T Bancorp Inc.	STBA	Neutral	\$27.74	\$31.00	\$827
Seacoast Banking Corp. of Florida	SBCF	Buy	\$13.55	\$14.50	\$449
United Community Banks Inc.	UCBI	Neutral	\$18.45	\$18.50	\$1,112
Washington Trust Bancorp Inc.	WASH	Neutral	\$37.74	\$38.00	\$631
WesBanco, Inc.	WSBC	Neutral	\$34.66	\$37.00	\$1,015

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
First BanCorp	FBP	Buy	\$5.00	\$6.00	\$1,065
Old National Bancorp	ONB	Neutral	\$14.80	\$15.00	\$1,740
Popular, Inc.	BPOP	Buy	\$31.63	\$39.00	\$3,272
United Bancshares Inc.	UBSI	Neutral	\$35.51	\$32.00	\$2,457

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Card Networks & Financial Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
American Express Company	AXP	Buy	\$90.67	\$109.00	\$93,814
Capital One Financial	COF	Buy	\$81.76	\$95.00	\$45,456
Discover Financial Services	DFS	Buy	\$64.98	\$72.00	\$29,467
MasterCard Incorporated	MA	Buy	\$84.05	\$97.00	\$97,207
Visa Inc.	V	Buy	\$248.84	\$270.00	\$155,062
The Western Union Company	WU	Neutral	\$18.11	\$17.50	\$9,465

Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bryn Mawr Bank Corp.	BMTC	Buy	\$30.60	\$35.00	\$420
Citizens Financial Group, Inc.	CFG	Buy	\$23.96	\$27.50	\$13,075
Community Bank System Inc.	CBU	Neutral	\$38.22	\$38.00	\$1,552
Flushing Financial Corp.	FFIC	Buy	\$20.02	\$22.00	\$594
NBT Bancorp Inc.	NBTB	Neutral	\$25.29	\$25.00	\$1,106
National Penn Bancshares Inc.	NPBC	Neutral	\$10.21	\$10.50	\$1,505
Sterling Bancorp	STL	Buy	\$13.98	\$15.00	\$1,169

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Astoria Financial Corporation	AF	Buy	\$13.31	\$14.50	\$1,328
BankUnited, Inc.	BKU	Buy	\$30.45	\$38.00	\$3,095
Comerica Inc.	CMA	Buy	\$48.59	\$55.00	\$8,731
First Niagara Financial Corporation	FNFG	Neutral	\$8.08	\$8.25	\$2,869
Fulton Financial Corp.	FULT	Neutral	\$12.27	\$12.50	\$2,272
Investors Bancorp, Inc.	ISBC	Neutral	\$10.77	\$11.50	\$3,846
M&T Bank	MTB	Neutral	\$124.94	\$130.00	\$16,506
New York Community Bancorp	NYCB	Neutral	\$15.86	\$16.50	\$7,020
People's United Financial	PBCT	Neutral	\$14.78	\$15.00	\$4,552
Signature Bank	SBNY	Buy	\$122.32	\$140.00	\$6,154
Susquehanna Bancshares	SUSQ	Neutral	\$13.15	\$10.00	\$2,384
Valley National Bancorp	VLV	Neutral	\$9.83	\$10.50	\$2,276
Webster Financial Corp.	WBS	Buy	\$32.01	\$35.00	\$2,889
Zions Bancorp	ZION	Neutral	\$29.14	\$31.00	\$5,913

HEALTHCARE

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Biopharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AbbVie Inc.	ABBV	Neutral	\$64.00	\$61.00	\$101,981
Bristol-Myers Squibb Company	BMJ	Neutral	\$57.95	\$57.00	\$96,126
Eli Lilly and Company	LLY	Buy	\$67.33	\$80.00	\$74,967
Johnson & Johnson	JNJ	Neutral	\$108.16	\$115.00	\$302,752
Kite Pharma, Inc.	KITE	Buy	\$39.34	\$73.00	\$1,509
Merck & Co. Inc.	MRK	Neutral	\$59.07	\$65.00	\$168,401
Regeneron Pharmaceuticals, Inc.	REGN	Buy	\$395.20	\$432.00	\$40,178
Tesaro, Inc.	TSRO	Buy	\$29.62	\$46.00	\$1,068
Vertex Pharmaceuticals Incorporated	VRTX	Buy	\$111.34	\$147.00	\$26,780

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Biotechnology	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Alexion Pharmaceuticals	ALXN	Buy	\$188.76	\$225.00	\$37,429
Amgen Inc.	AMGN	Neutral	\$157.68	\$155.00	\$119,942
Ariad Pharmaceuticals, Inc.	ARIA	Neutral	\$6.15	\$7.00	\$1,151
Biogen Idec Inc.	BIIB	Neutral	\$305.43	\$336.00	\$72,129
Biota Pharmaceuticals, Inc.	BOTA	Neutral	\$2.25	\$2.50	\$79
Celldex Therapeutics, Inc.	CLDX	Buy	\$14.16	\$30.00	\$1,269
Celgene Corporation	CELG	Buy	\$104.05	\$121.00	\$83,105
Gilead Sciences, Inc.	GILD	Buy	\$102.06	\$131.00	\$153,974
Five Prime Therapeutics, Inc.	FPRX	Buy	\$15.19	\$24.00	\$327
ImmunoGen, Inc.	IMGN	Neutral	\$9.53	\$12.00	\$819
Incyte Corporation	INCY	Buy	\$69.54	\$82.00	\$11,748
Intra-Cellular Therapies, Inc.	ITCI	Buy	\$15.15	\$24.00	\$445
Merrimack Pharmaceuticals, Inc.	MACK	Buy	\$8.48	\$13.00	\$898
Seattle Genetics, Inc.	SGEN	Neutral	\$35.36	\$39.00	\$4,381
TetraLogic Pharmaceuticals	TLOG	Buy	\$4.14	\$10.00	\$92
United Therapeutics Corporation	UTHR	Neutral	\$125.43	\$107.00	\$5,959
Verastem, Inc.	VSTM	Buy	\$9.06	\$20.00	\$235

HEALTHCARE

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Specialty Pharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AcelRX Pharmaceuticals, Inc.	ACRX	Buy	\$6.79	\$15.00	\$297
Actavis, Inc.	ACT	Buy	\$243.77	\$285.00	\$64,614
Akorn, Inc.	AKRX	Buy	\$38.21	\$50.00	\$4,120
Allergan Inc.	AGN	Buy	\$198.65	\$212.00	\$59,178
Antares Pharma Inc.	ATRS	Buy	\$2.30	\$6.00	\$303
Dermira, Inc.	DERM	Buy	\$16.05	\$22.00	\$395
Endo International plc	ENDP	Buy	\$66.26	\$80.00	\$10,185
Horizon Pharma, Inc.	HZNP	Buy	\$12.25	\$31.00	\$1,456
Hospira Inc.	HSP	Buy	\$58.28	\$65.00	\$9,861
Impax Laboratories Inc.	IPXL	Buy	\$28.86	\$40.00	\$2,056
Jazz Pharmaceuticals plc	JAZZ	Buy	\$174.57	\$210.00	\$10,560
Kindred Biosciences, Inc.	KIN	Buy	\$8.74	\$31.00	\$172
Mallinckrodt plc	MNK	Buy	\$88.11	\$115.00	\$10,018
Mylan, Inc.	MYL	Neutral	\$54.05	\$54.00	\$20,229
Orexo AB	ORX.SS	Buy	SEK 140.50	SEK 205.00	SEK 4,823
Pernix Therapeutics Holdings, Inc.	PTX	Neutral	\$10.95	\$11.00	\$419
Perrigo Co.	PRGO	Buy	\$154.46	\$195.00	\$20,691
Phibro Animal Health Corporation	PAHC	Buy	\$31.50	\$35.00	\$1,227
Sagent Pharmaceuticals, Inc.	SGNT	Neutral	\$28.86	\$32.00	\$921
Tetraphase Pharmaceuticals, Inc.	TTPH	Buy	\$22.61	\$33.00	\$693
Teva Pharmaceutical Industries Limited	TEVA	Neutral	\$57.07	\$55.00	\$48,738
The Medicines Company	MDCO	Buy	\$24.47	\$42.00	\$1,601
Valeant Pharmaceuticals International, Inc.	VRX	Buy	\$134.21	\$178.00	\$44,769
Zoetis Inc.	ZTS	Buy	\$43.14	\$45.00	\$21,627

RETAIL & CONSUMER

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Retail & Consumer	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Costco Wholesale Corporation	COST	Neutral	\$138.48	\$130.00	\$60,621
CVS Caremark Corporation	CVS	Buy	\$89.13	\$95.00	\$102,177
Dollar General	DG	Buy	\$64.65	\$66.00	\$19,615
Fairway Group Holdings Corp.	FWM	Neutral	\$2.30	\$2.50	\$100
Family Dollar	FDO	Buy	\$78.32	\$70.00	\$8,956
Five Below, Inc.	FIVE	Buy	\$42.80	\$57.00	\$2,324
Rite Aid Corporation	RAD	Buy	\$5.53	\$7.50	\$5,427
Safeway Inc.	SWY	Neutral	\$34.85	\$35.00	\$8,033
Smart and Final Stores, Inc.	SFS	Buy	\$15.49	\$17.00	\$1,101
Sprouts Farmers Market, Inc.	SFM	Neutral	\$30.75	\$36.00	\$4,652
SuperValu Inc.	SVU	Neutral	\$9.00	\$8.00	\$2,350
Sysco Corp.	SYU	Neutral	\$38.58	\$35.00	\$22,681
The Container Store Group, Inc.	TCS	Neutral	\$23.41	\$20.00	\$1,123
The Kroger Co.	KR	Buy	\$57.71	\$60.00	\$28,341
The Michaels Companies, Inc.	MIK	Buy	\$20.93	\$19.00	\$4,269
Walgreen Co.	WAG	Buy	\$66.93	\$70.00	\$63,609
Whole Foods Market Inc.	WFM	Neutral	\$47.11	\$42.00	\$17,018

TMT: MEDIA & ENTERTAINMENT, CABLE & SATELLITE TV

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Media & Entertainment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AMC Networks Inc.	AMCX	Buy	\$61.86	\$71.00	\$4,461
Cablevision Systems Corporation	CVC	Buy	\$18.54	\$24.00	\$5,073
CBS Corporation	CBS	Buy	\$53.41	\$61.00	\$27,684
Charter Communications, Inc.	CHTR	Neutral	\$152.10	\$146.00	\$16,620
Comcast Corporation	CMCSA	Neutral	\$54.10	\$55.00	\$139,239
Comcast Corporation	CMCSK	Neutral	\$53.77	\$55.00	\$139,239
DIRECTV	DTV	Neutral	\$87.55	\$95.00	\$43,971
Discovery Communications, Inc.	DISCA	Neutral	\$33.53	\$36.00	\$22,574
Discovery Communications, Inc.	DISCK	Neutral	\$32.32	\$36.00	\$22,574
Dish Network Corp.	DISH	Neutral	\$64.90	\$66.00	\$29,913
News Corporation	NWSA	Neutral	\$15.20	\$17.00	\$8,773
Scripps Networks Interactive, Inc.	SNI	Neutral	\$75.17	\$76.00	\$10,307
The Madison Square Garden Company	MSG	Buy	\$73.51	\$85.00	\$5,700
The Walt Disney Company	DIS	Neutral	\$90.80	\$94.00	\$155,862
Time Warner Cable Inc.	TWC	Neutral	\$140.01	\$155.00	\$39,272
Time Warner Inc.	TWX	Buy	\$79.75	\$88.00	\$66,869
Townsquare Media, Inc.	TSQ	Buy	\$12.42	\$14.00	\$216
Twenty-First Century Fox, Inc.	FOXA	Buy	\$35.11	\$39.00	\$74,584
Viacom, Inc.	VIAB	Neutral	\$72.96	\$78.00	\$29,967

Source: Guggenheim Securities, LLC, Bloomberg

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