

MORNING ROUNDS

**TODAY'S HIGHLIGHTS / OCTOBER 31,
2014**

TODAY'S RESEARCH:

BMY, AEGR, AFFX, ATRC, CAH, CPSI,
CSLT, CTRX, MOH, MYL, PKI, VCRA,
NUVA, SGEN, HTWR

INITIATIONS: NONE / **RATING CHANGES:** NONE / **PRICE TARGET
CHANGES:** BMY, AEGR, CAH, MYL, PKI, NUVA, HTWR / **ESTIMATE
CHANGES:** BMY, AEGR, AFFX, ATRC, CAH, CSLT, CTRX, MYL, PKI, VCRA,
NUVA, SGEN, HTWR / **MEDACORP:** NONE / **PREVIOUS RESEARCH:** BMY,
ABC, ABMD, AMAG, INCY, TEVA, TFX, WLP, HEALTHCARE SERVICES

REFERENCE TOOLS:

[Catalyst Tracker](#)

[Earnings Rundown](#)

[Abbreviations & Acronyms](#)

[Calendar of Events](#)

[HC Conferences](#)

[Leerink Events](#)

MORNING PRIMER:

Futures (as of 6:30am): DJIA: +190.00 (16,924); S&P500: +23.50 (1,988); NASD
+63.75 (4,090)

LEERINK EVENTS:

10/31: MEDACorp Pulse Call: Updates on anti-PD1 Opdivo in Lung Cancer from CMSTO,
1:30PM EDT

11/3: Corporate Access: Onconova Therapeutics Inc.: ONTX, Boston

11/3: Corporate Access: Dicerna Pharmaceuticals, Inc.: DRNA, Dallas

11/4: Corporate Access: Celgene Corporation: CELG, Boston

11/4: Corporate Access: Eli Lilly and Company: LLY, Boston

11/4: Investor Tours / Site Visits: ROCHE/Genentech: San Francisco

11/4: Corporate Access: Onconova Therapeutics Inc.: ONTX, New York

11/4: MEDACorp Pulse Call: Hemophilia A: BIIB's Eloctate and Impact to BAX's Advate, 2:00PM EST

11/5: Corporate Access: Eli Lilly and Company: LLY, Boston

11/5: Corporate Access: Receptos: RCPT, Boston

11/6: Corporate Access: Intra-Cellular Therapies: ITCI, Minneapolis

11/6: Investor Tours / Site Visits: Healthcare Technology Bus Tour: ATHN, IMPR, Boston

TODAY'S HEALTHCARE EVENTS:

SCOTUS Decision Likely: [Healthcare Services/Update on Federal Exchange Litigation; Initial SCOTUS Decision Likely This Week](#)

Medical Meetings: Chicago Multidisciplinary Symposium in Thoracic Oncology (CMSTO), American Urogynecologic Society (AUGS)

Corporate Events: **EPS BMO:** FLML; **2:30PM:** Investor meeting: BMY at CMSTO

TODAY'S RESEARCH (including notes post prior day's close):

BRISTOL-MYERS SQUIBB (BMY) / SEAMUS FERNANDEZ

Halloween Treat: Raising Our DCF PT to \$66 on Higher Opdivo/PD1 Ests

Outperform / **Market Cap:** \$98,437.6M / **Price:** \$58.98 / **Price Target:**

\$56.00 → \$66.00 / **Methodology:** DCF to 2026E at 8.25% discount rate with 2% terminal growth

- **Bottom Line:** We're updating our model post 3Q results, but more importantly, we are increasing our Opdivo forecasts following impressive 1-yr results from the CHECKMATE-063 study in 3rd line squamous non-small cell lung cancer (NSCLC). Using our IO model, we increased the probability of success in squamous and non-squamous NSCLC to reflect not only the confirmatory -063 data but also positive commentary on BMY's 3Q conference call. Our Opdivo forecasts increase by \$300M in 2015 and \$2.4B in 2020 while our overall PD1/PDL1 estimates increase by \$5B in 2020. With these data, we are increasingly convinced that BMY could have up to four positive monotherapy survival studies by the end of 2015, including melanoma (CHECKMATE-066 – complete), squamous lung (CHECKMATE-017 – interim late Dec/early Jan), non-squamous lung (CHECKMATE-057 – mid-to-late 2015), and kidney cancer (CHECKMATE-025 – possibly 2015). In concert with these changes, our DCF forecast increases to \$66/shr. Our significant upward revision to EPS estimates further assumes that BMY buys back \$3-4B of stock annually starting in 2018E, putting our new 2020E EPS at \$4.66/shr.
- Opdivo forecasts increased reflecting strong -063 data and positive 3Q results commentary.

- 2015E EPS revised up to reflect Sustiva/Atripla patent win and positive overall 3Q results; 2020E EPS increased from \$4.03 to \$4.66 on Opdivo leverage & assumed share repurchase.
- **2014E EPS/REV:** \$1.80 / \$15.4 → \$1.76 / \$15.5
- **2015E EPS/REV:** \$1.42 / \$15.1 → \$1.64 / \$15.6

Revenues in billions.

AEGERION PHARMACEUTICALS, INC. (AEGR) / JOSEPH P. SCHWARTZ

3Q14 Recap: Disappointing Quarter and Guidance, Lower PT to \$32 from \$46

Outperform / **Market Cap:** \$1,228.1M / **Price:** \$34.21 / **Price Target:**

\$46.00 → \$32.00 / **Methodology:** DCF, 11% discount rate, 2% terminal growth

- **Bottom Line:** 3Q14 net product sales of \$43.7MM were below our estimate of \$49.1MM and consensus of \$48.6MM. **Maintain OP, lower PT to \$32 from \$46.**
- AEGR lowered top line guidance to \$150-160MM for FY14.
- New guidance implies conservative assumptions for QoQ growth.
- Management states that they have adopted a different philosophy when providing guidance.
- Management realizes that they have inaccurately forecast the launch.
- We expect it to take time for investors to regain confidence that AEGR management is capable of delivering on even these apparent ground-level expectations.
- **2014E EPS/REV:** (\$1.22) / \$170.1 → (\$1.18) / \$154.4
- **2015E EPS/REV:** \$0.54 / \$280.3 → (\$0.38) / \$208.9

Revenues in \$ millions.

AFFYMETRIX, INC. (AFFX) / DAN LEONARD

Solid Quarter; Entering Phase III of Strategy

Market Perform / **Market Cap:** \$633.3M / **Price:** \$8.30 / **Price Target:** \$9.00 / **Methodology:** ~2.5x EV/Sales September 2016 TTM

- **Bottom Line:** We have increased our revenue and EPS forecasts following AFFX's solid 3Q14 beat. We maintain our Market Perform rating and \$9.00 price target.
- Solid top- and bottom-line beat.
- Genetic Analysis continues to be the main growth driver.
- Axiom 384-array creating growth opportunities in AgBio and human.
- Increasing EPS estimates.
- **2014E EPS/REV:** \$0.16 / \$340.5 → \$0.26 / \$345.2
- **2015E EPS/REV:** \$0.15 / \$350.0 → \$0.21 / \$355.6

Revenues in \$ millions. Costs of SFAS-123R options expense included in EPS; restructuring charges excluded.

ATRICURE, INC. (ATRC) / DANIELLE ANTALFFY**3Q14: Another Beat and Raise Quarter as Fundamentals Continue To Remain Strong**

Outperform / **Market Cap:** \$438.4M / **Price:** \$16.36 / **Price Target:** \$25.00 / **Methodology:** ~4.4x EV/2016E sales

- **Bottom Line:** Yesterday after the close, ATRC delivered its third consecutive beat and raise quarter, with 3Q14 sales of \$26.7M (+32.4% y/y) coming in a healthy ~\$1.9M above us and \$1.1M above consensus. ATRC raised 2014 sales guidance to \$105-\$106M (+28%-29%), giving us further confidence that this recent strong momentum is sustainable. And though recently acquired Estech continues to contribute to this strong growth profile, ATRC also appears to be delivering strong organic sales growth at least at, if not above, the high end of the company's 13%-15% organic sales growth guidance. Following a strong 2013 and now 3 quarters of sales beats in 2014, we believe ATRC is well on track to achieve – if not exceed – its 15%+ longer-term organic revenue growth target helped by the following drivers: (1) Increasing training and physician awareness; (2) A highly underpenetrated market with still-meaningful runway for growth in mitral and a virtually untapped market in aortic and coronary bypass; (3) Growth in the left atrial appendage (LAA) market; and (4) OUS expansion. We reiterate our OP rating and \$25 price target, as we believe ATRC will deliver consistent "beat and raise" quarters under CEO Mike Carrel -- which, in our view, warrants a higher multiple.
 - 3Q14 Sales Significantly Ahead of Both Us and the Street.
 - Making Progress Against Clinical Milestones.
 - **2014E EPS/REV:** (\$0.81) / \$103.8 → (\$0.62) / \$105.6
 - **2015E EPS/REV:** (\$0.64) / \$119.6 → (\$0.69) / \$122.0
- Revenues in \$M.*

CARDINAL HEALTH, INC. (CAH) / DAVID LARSEN, CFA**Off to a Good Start – Good Organic Growth and Earnings Leverage; PT \$94 fr \$84**

Outperform / **Market Cap:** \$26,584.6M / **Price:** \$78.19 / **Price Target:** \$84.00 → \$94.00 / **Methodology:** ~18x CY16E EPS of \$5.24

- **Bottom Line:** We continue to be positive on shares of CAH. We view Cardinal's ~\$5B of annual specialty sales as significant, especially given that it's growing "double digits," China continues to progress well, we believe CAH continues to pick up large new pharma-distribution accounts, Red Oak's contribution to margins will steadily expand in our view, and we believe generic launch and inflation trends are favorable. We believe CAH is a well-managed business with solid positioning in the market and a high quality, thoughtful leadership team. Favorable industry dynamics in our view will lift most quality distributors for the next few years.
 - Pharmaceutical Distribution Poised for Continued Growth.
 - Medical Division Showing Some Recovery.
 - Maintain OP.
 - **2015E EPS/REV:** \$4.30 / \$93.0 → \$4.30 / \$97.3
 - **2016E EPS/REV:** \$4.85 / \$96.8 → \$4.85 / \$102.1
- Revenue presented in billions of U.S. dollars*

COMPUTER PROGRAMS & SYSTEMS INC. (CPSI) / DAVID LARSEN, CFA**3Q:14 Results - EPS Below Expectations**Market Perform / **Market Cap:** \$719.3M / **Price:** \$64.80

- **Bottom Line:** CPSI reported 3Q:14 total revenue of \$53.3M (+14.0% y/y) which was \$0.2M ahead of our estimate (of \$53.1M) and also ahead of consensus (of \$52.6M). GAAP EPS of \$0.83 was \$0.03 below our estimate and consensus (of \$0.86). While the revenue upside is encouraging, EPS has missed our estimates each quarter so far in 2014 and we believe 2014 guidance may be a stretch. Additionally, a sequential dip in backlog is somewhat concerning and we will be listening for details on the call for any updates to guidance and thoughts around backlog. Maintain MP.
 - Higher costs offset the revenue upside.
 - Backlog dip a concern.
 - No changes to 2014 guidance.
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CASTLIGHT HEALTH, INC. (CSLT) / STEVEN WARDELL**2nd Quarterly Beat Addresses Market Concerns; Reiterate \$17 PT**Outperform / **Market Cap:** \$1,344.2M / **Price:** \$13.00 / **Price Target:** \$17.00 / **Methodology:** DCF analysis

- **Bottom Line:** Castlight reported 3Q14 earnings after market close October 30 with a 7% topline beat for the quarter and a 3% raise in guidance for the year. The company credited the beat to winning new customers against the competition, increasing the average deal size by 20% compared to 2Q, charging premium prices, and achieving an approximately 100% net dollar retention rate. We believe that this 2nd beat as a public company helps to address the market's concerns about the company's young product category.
- Castlight reported strong 3Q14 revenue of \$12.2m, a 238% year-over-year growth rate and 7% above guidance.
- Third quarter non-GAAP operating loss was (\$16.1m), compared to a loss of (\$16.1m) in the prior year.
- We continue to rate Castlight Outperform and with a Price Target of \$17.
- **2014E EPS/REV:** (\$1.00) / \$43.0 → (\$1.01) / \$44.1
- **2015E EPS/REV:** (\$0.75) / \$79.6 → (\$0.77) / \$81.5

Revenue in millions

CATAMARAN CORP. (CTRX) / DAVID LARSEN, CFA**Solid 2015 EBITDA Outlook and Selling Season Commentary**Outperform / **Market Cap:** \$9,855.0M / **Price:** \$47.54 / **Price Target:** \$55.00 / **Methodology:** ~20.9x 2015E EPS

- **Bottom Line:** We remain positive on CTRX and believe the issuance of preliminary 2015 EBITDA guidance removes an overhang. Additionally, a strong 2016 selling season pipeline is promising for near- and mid-term growth prospects in our view. Salveo is expected to close in 4Q:14 and adds an incremental \$400M of annual drug spend. We believe CTRX is now well positioned to exceed 2015 consensus EBITDA (\$915M), with potential upside from additional acquisitions, more rapid acceleration of CIGNA (OP) margin

expansion, mid-year starts, and further in-sell of specialty within its base. We maintain our Outperform rating and \$55 price target.

- 2015 selling season a success and 2016 selling season pipeline described as large.
 - 2015 EBITDA comments remove an overhang.
 - Model Update.
 - **2014E EPS/REV:** \$2.23 / \$21,128.4 → \$2.24 / \$21,411.6
 - **2015E EPS/REV:** \$2.60 / \$23,412.0 → \$2.63 / \$23,829.3
- Revenue are in millions of U.S. dollars.*

MOLINA HEALTHCARE, INC. (MOH) / ANA GUPTE, PH.D.

3Q Misses on MLR Offset by SG&A and Lower Tax Rate

Market Perform / **Market Cap:** \$2,209.7M / **Price:** \$46.52

- **Bottom Line:** MOH (MP) missed on EPS in 3Q coming in at 33c as compared to consensus at 44c. The miss was driven by a higher-than-expected Consolidated MLR which came in at 90.6% as compared to consensus of 89.1%. However, this was offset in part by G&A ratio which came in at 7.2% as compared to consensus at 7.7%. Similarly, the tax rate of 34.4% was substantially lower than consensus view of 49% and is likely related to the same favorable as guided by CNC (OP) in 3Q. Key states that showed pressure on the MLR as compared to our expected view were CA, FL, NM, WA, and WI.
- Core Reserve strength has substantially improved with Days in Claims Payable (DCP) increasing by 9 and 4 days YoY and sequentially.
- While revenue was below consensus estimates by ~ \$95MM partly driving the EPS miss, total enrollment came in better than expected by consensus though missing our view.
- Management conference call and webcast to discuss third quarter results at 5:00 p.m. Eastern time on Wednesday, October 30, 2014. Dial-in is (212) 271-4651.

MYLAN, INC. (MYL) / JASON M. GERBERRY, JD

Solid 3Q Not a Surprise Given Pre-Announcement

Outperform / **Market Cap:** \$20,696.6M / **Price:** \$52.37 / **Price Target:** \$55.00 → \$62.00 / **Methodology:** 15x 2015E PF EPS of 4.06

- **Bottom Line:** MYL delivered a solid 3Q that beat our/street ests due to better than expected EpiPen sales and gross margins. Limiting stock upside will be the fact that MYL already pre-announced 3Q results and investors may view EpiPen as non-durable beyond 2015. However, we were impressed with MYL's continued gross margin expansion and the CFO expressed a high degree of conviction in terms of MYL's ability to continue to generate GM expansion. MYL provided no major pipeline updates on the CC. Mgmt remains bullish in its tone regarding future M&A which it views as an accelerator to its \$6/shr EPS target by 2018. We remain OP and value shares at \$62 (from \$55).
- 3Q beat driven by EpiPen and Strides settlement, which offset higher than expected spending.
- ABT inversion deal remains on track to complete early next year
- No major pipeline updates; mgmt's tone on M&A remains bullish.
- **2014E EPS/REV:** \$3.25 / \$7,706.0 → \$3.55 / \$7,721.0
- **2015E EPS/REV:** \$4.05 / \$10,082.0 → \$3.78 / \$8,214.0

Revenues presented in \$M. Adjusted diluted EPS. 2015-16 sales & EPS represent MYL-Abbott pro forma estimates

PERKINELMER, INC. (PKI) / DAN LEONARD

Reducing Forecast Following 3Q Report

Outperform / **Market Cap:** \$4,937.8M / **Price:** \$43.39 / **Price Target:**

\$51.00 → \$50.00 / **Methodology:** ~12.5x EV/Sept-16 TTM EBITDA (ex options)

- **Bottom Line:** We are reducing our revenue and EPS forecasts following PKI's 3Q report. We maintain our Outperform rating but have reduced our price target to \$50 from \$51.
- Revs light, EPS in line on opex controls.
- Strong growth in diagnostics; international the story.
- China growth solid but below plan.
- Increased capital deployment perhaps forthcoming.
- Forecast reduced to reflect several headwinds.
- **2014E EPS/REV:** \$2.43 / \$2,262.4 → \$2.40 / \$2,243.9
- **2015E EPS/REV:** \$2.75 / \$2,388.3 → \$2.62 / \$2,316.4

Revenues in \$MM; historical and forecasted revenues include non-GAAP revenue.

VOCERA COMMUNICATIONS, INC. (VCRA) / DAVID LARSEN, CFA

3Q:14 Revenue Upside a Positive, We Remain Cautious on Long-Term Growth

Market Perform / **Market Cap:** \$244.1M / **Price:** \$9.65 / **Price Target:** \$10.00 / **Methodology:** 2.6x 2015E rev. per share of \$3.89

- **Bottom Line:** VCRA reported 3Q:14 total revenue of \$23.1M (-11.3% y/y) which was ahead of our estimate (of \$22.4M), ahead of consensus (of \$21.7M) and slightly ahead of 3Q guidance (of \$22.0-23.0M). While revenue was ahead of expectations, the high end of 2014 revenue guidance was left unchanged and the low end was notched up by \$2M to a new range of \$92-95M. VCRA continues to have high renewal rates (>98%) which we view as a positive, although bookings were down y/y due to lower government bookings. Additionally, commentary on the call noted that VCRA may be able to achieve "modest" growth in 2015, which in our view suggests that current revenue consensus expectations (+10% y/y) may be too aggressive. Maintain MP.
- 3Q:14 revenue up, but gross margin down.
- Some government bookings pulled through in the quarter, but tough comp vs. 3Q:13.
- Maintain MP.
- **2014E EPS/REV:** (\$0.64) / \$93.6 → (\$0.62) / \$94.3
- **2015E EPS/REV:** (\$0.45) / \$98.0 → (\$0.35) / \$99.0

Revenues in \$M.

NUVASIVE, INC. (NUVA) / RICHARD NEWITTER**"NUVA 2.0": More DD Rev Growth & Margin Expansion; New \$50 PT**Outperform / **Market Cap:** \$1,963.0M / **Price:** \$39.26 / **Price Target:**\$46.00 → \$50.00 / **Methodology:** ~2.9x EV/2016E sales of \$860M

- **Bottom Line:** NUVA's 3Q was solid with sales and mgn both ahead of expectations. While headline EPS missed, excl. a higher tax rate (about \$0.08/shr that gets recouped in 4Q) and a 1x royalty expense, EPS would have beaten by \$0.05. NUVA looks to be a DD grower in 2014, and even the upped sales outlook leaves room for upside in our view against the backdrop of a stable spine mkt & new products. Underlying EBIT margin expansion and other drivers (i.e., lower tax, MDT [MP] royalty expiration, vertical integration) all look set to drive meaningful EPS growth acceleration and upside to our 2015 and beyond forecasts. Given all this and our expectation for continued qtlly execution, we believe the shares are poised to move higher. Reiterate OP, PT to \$50 (vs. \$46) on higher estimates and roll-fwd to '16E.
- 3Q Sales/Margin Beat; Underlying (ex-items/Tax) EPS Performance Was Strong Too.
- 2014 Rev./EPS Guidance Bumps Higher Again...
- ...And Still Leaves Room for Upside, in Our View.
- **2014E EPS/REV:** \$1.11 / \$744.5 → \$1.11 / \$757.7
- **2015E EPS/REV:** \$1.48 / \$790.3 → \$1.51 / \$807.2

Non-GAAP EPS exclude unusual items, stock-based compensation, amortization and litigation expense; revenues in \$MM.

SEATTLE GENETICS, INC. (SGEN) / HOWARD LIANG, PH.D.**Adcetris Shows Continued Sequential Growth as Pipeline Expands**Outperform / **Market Cap:** \$4,342.8M / **Price:** \$35.25 / **Price Target:** \$53.00 / **Methodology:** Sum-of-parts + DCF analysis, 10% discount rate

- **Bottom line:** SGEN reported strong 3Q:14 US and Canadian Adcetris sales of \$48.2M, beating our and consensus estimates of \$43M each with continued sequential growth after a good 2Q. While data from BMY's Opdivo (nivolumab) and potentially other PD-1 antibodies at the American Society of Hematology (ASH) meeting in Hodgkin's lymphoma (HL) could introduce potential competition and have weighed on the stock, we continue to believe that the key for the outlook is combinability and management noted plans for investigator-sponsored combination trials as well as potential corporate trials. In addition the ongoing Yervoy / Adcetris combination appears to be going well. We are also encouraged by the continued expansion of SGEN's internal and external antibody-drug conjugate (ADC) pipeline with what appears to be substantial data on SGN-CD33A and additional data on SGN-CD19A at ASH. Lastly SGEN's entrance into the immuno-oncology space with SEA-CD40 (costimulatory agonist) is an interesting development and speaks to opportunities outside ADC.
- **2014E EPS/REV:** (\$0.77) / \$270.3 → (\$0.66) / \$281.9
- **2015E EPS/REV:** (\$0.26) / \$322.6 → (\$0.21) / \$320.8

Revenues in MM; EPS are GAAP

HEARTWARE INTERNATIONAL, INC. (HTWR) / DANIELLE ANTALFFY**Positive MVAD Update Clouded by Seemingly Slower LVAD Market Growth; New PT \$93**Outperform / **Market Cap:** \$1,294.4M / **Price:** \$76.14 / **Price Target:**\$98.00 → \$93.00 / **Methodology:** ~4.75x EV/2016E sales of \$320M

- **Bottom Line:** HTWR shares came under intense pressure yesterday despite an O.K. -- though slightly below consensus -- quarter as investors digested what appears to be the 2nd consecutive quarter of an LVAD market slowdown. The question on investors' minds is now whether this two-quarter trend represents a sustained market slowdown, or whether the market can reaccelerate from here. But HTWR's CEO does expect the global LVAD market to return to double-digit growth in 2015 based on commentary on the post-earnings conference call. This view of sustainable double-digit LVAD market growth in the near to medium term is supported by our recent conversations with U.S.-based physicians, and we do expect a market pickup in 2015 and beyond helped by easing comparables, advancing new technology, and building clinical evidence.
- **2014E EPS/REV:** (\$2.68) / \$285.2 → (\$2.34) / \$277.9
- **2015E EPS/REV:** (\$3.11) / \$300.2 → (\$2.18) / \$290.1

*Revenues in millions***PREVIOUS DAY NOTES:****BRISTOL-MYERS SQUIBB (BMY) / SEAMUS FERNANDEZ****CHECKMATE-063 Data Impresses; Conviction Going Up for Lung Survival Studies**Outperform / **Market Cap:** \$90,393.0M / **Price:** \$54.16

- **Bottom Line:** Data from BMY's CHECKMATE-063 for Opdivo (anti-PD1) in 3rd line squamous non-small cell lung cancer (NSCLC) was revealed in this morning's press release, with additional color expected in tomorrow's presentation at the Chicago Multidisciplinary Symposium in Thoracic Oncology (CMSTO). The response rate (RR) of 15% is in-line with our expectations, and 1-year survival of 41% marks a nearly 20% improvement over historic benchmarks in squamous NSCLC and is above our expectations. Our conversation with BMY this morning also highlights median overall survival (OS) of 8.2 mos, which BMY believes could be as much as 2x what would normally be seen in this highly refractory pt population. Furthermore, The fact that duration of response had not been reached at 12 mos adds to our excitement for positive outcomes in both of BMY's 2nd line survival studies.
- Comparatively, a 15% RR crushes the expected <5% RR historically seen in 3rd line squamous NSCLC patients.
- 41% 1-year survival is likely 2x what one might expect in this very sick group of squamous NSCLC patients.
- Even more is likely to come tomorrow when we expect to see a compelling waterfall plot and additional non-traditional immuno-oncology (IO) responders.
- We expect rapid approval and a likely breakthrough designation when the file is completed in December; our conviction continues to rise for success in survival studies.

- Next up: BMY CC tomorrow at 2:30pm, ET, Dial in: 647-788-4901 PC: 19907013; Our MEDACorp Pulse Call, Tomorrow at 1:30pm, ET.

AMERISOURCEBERGEN CORPORATION (ABC) / DAVID LARSEN, CFA

High Quality Beat and Strong F2015 Guidance

Outperform / **Market Cap:** \$18,396.0M / **Price:** \$79.74

- **Bottom Line:** ABC reported strong F4Q:14 results, with total revenue of \$31.6B (+29.1% y/y) well ahead of our estimate (of \$30.6B) and also ahead of consensus (of \$30.8B). Adjusted EPS of \$1.10 (+36.3% y/y) also exceed our estimate (of \$1.06) and the mean (of \$1.05). With the issuance of favorable F2015 guidance, we remain positive on ABC and believe ABC is well positioned heading into F2015. A substantial amount of WAG's generic spend rolled on in the quarter and we believe there will be margin and earnings benefits from WAG's generic volume in F2015. While ABC has a few headwinds in F2015, such as the DoD contract renewal, the issuance of strong guidance removes an overhang and we are buyers.
- Strong growth in drug company and specialty revenue.
- High quality 3Q:14 beat.
- F2015 guidance looks good, maintain OP.

ABIOMED, INC. (ABMD) / DANIELLE ANTALFFY

Impella Adoption Momentum Accelerates into an Upcoming PMA Approval

Outperform / **Market Cap:** \$1,016.5M / **Price:** \$25.35 / **Price Target:**

\$34.00 → \$40.00 / **Methodology:** ~5.75x EV/sales multiple to our ~\$283M CY2016 sales estimate

- **Bottom Line:** Today, ABMD shares traded deservedly higher -- with still more runway ahead, in our view -- after delivering strong F2Q15 results in which: (1) Impella utilization trends accelerated, with adoption ramping most notably in the high-risk PCI patient population; and (2) Management provided positive commentary around the ongoing PMA process, with no FDA panel likely and an agreement with FDA for a high risk PCI label. We believe this momentum is sustainable for at least the next few years as the company continues to penetrate the emergent and high-risk PCI patient population with: (1) A building body of clinical evidence supporting both the clinical efficacy and cost effectiveness of Impella in even the most complex patients; (2) An upcoming on-label indication that will allow ABMD to market and train physicians, and (3) A renewed focus by physicians to more aggressively treat these patients. Today, the majority of these patients are either not treated or are treated using intra-aortic balloon pumps (IABPs) -- ~100,000+ done in the U.S. annually -- which leaves ABMD significant room for both market expansion and market share gains vs. IABPs. And growth over the next few years will be further augmented by an upcoming Impella RP approval (March 2015) and Japan approval (mid-CY2015).
 - Reiterate OP, Raise PT to \$40 from \$34.
 - Regulatory Overhang Essentially Removed
 - as the Addressable Patient Population Widens.
 - **2015E EPS/REV:** \$0.07 / \$205.7 → \$0.11 / \$212.0
 - **2016E EPS/REV:** \$0.38 / \$242.4 → \$0.37 / \$250.5
- Revenues in \$M.*

AMAG PHARMACEUTICALS, INC. (AMAG) / JOSEPH P. SCHWARTZ**3Q14 Recap: Strong Growth and Achievable Guidance Continues**Outperform / **Market Cap:** \$728.4M / **Price:** \$33.26 / **Price Target:**\$35.00 → \$39.00 / **Methodology:** DCF, 10% discount rate, 2% terminal growth rate

- **Bottom Line:** 3Q14 revenues of \$25.5MM were slightly below estimate of \$25.8MM and consensus of \$26.1MM. However, 3Q14 EPS of \$0.06 beat our estimate of (\$0.04) and consensus of (\$0.08). Earnings were helped by a \$3.7MM contingent consideration benefit which reduced operating expenses; adding this back into OpEx puts GAAP earnings at (\$0.10) yet operating cash flow remains positive. **Reiterate Outperform, Raise PT to \$39 from \$35.**
- Feraheme business continues to grow nicely, despite the competitive launch of Injectafer.
- AMAG met with the FDA in 2Q, and expects to gain clarity on the amount of additional data required for a broader Feraheme broader label in 4Q.
- Makena annualized revenues have grown ~74% YoY, and AMAG expects to generate at least \$350MM in Makena+Feraheme sales in 2015.
- **2014E EPS/REV:** (\$0.45) / \$97.8 → (\$0.36) / \$96.9
- **2015E EPS/REV:** \$4.15 / \$350.7 → \$4.32 / \$364.3

*Revenues presented in \$MM.***INCYTE CORP. (INCY) / MICHAEL SCHMIDT, PH.D.****Beat and Raise in 3Q Driven by Strong Jakafi Growth with no Signs of Slowing**Outperform / **Market Cap:** \$9,756.9M / **Price:** \$57.87 / **Price Target:**\$76.00 → \$80.00 / **Methodology:**

- **Bottom Line:** INCY reported strong 3Q14 financial results and handily beat our and Street consensus estimates, largely driven by organic growth in Jakafi demand. INCY raised Jakafi 2014 sales guidance and we are raising our 2014 and 2015 estimates to account for stronger demand-driven product sales growth, confirming our investment thesis that INCY should be able to maintain long-term sales growth for Jakafi. Ongoing pipeline programs are on track with most catalysts for IDO and JAK inhibitors expected in 2016. New disclosed studies include a fully fledged Phase II study of INCB39110 (JAK1) in 1st line pancreatic cancer on top of standard of care and a nivolumab (BMY) combination trial with INC280 (c-MET) (licensed to NVS). Near-term catalysts include the LLY baricitinib (rheumatoid arthritis, RA) data in late 2014-2015 which could potentially differentiate that product from tofacitinib (Xeljanz, PFE). **Raising PT to \$80 fr \$76/share. Reiterate OP.**
- Strong 3Q driven by 63% YoY Jakafi sales growth; 2014 guidance raised.
- Jakafi sales grew 16% QoQ, with 11% driven by growth in demand
- Clinical programs on track.
- **2014E EPS/REV:** (\$0.45) / \$491.0 → (\$0.28) / \$510.7
- **2015E EPS/REV:** (\$0.21) / \$598.7 → \$0.20 / \$670.3

Revenues in \$MM, GAAP EPS

TEVA PHARMACEUTICAL INDUSTRIES LTD. (TEVA) / JASON M. GERBERRY, JD**Solid 3Q Results; Emerging Cost Discipline Evidence Incrementally Encouraging**Outperform / **Market Cap:** \$46,915.9M / **Price:** \$54.49 / **Price Target:**\$64.00 → \$65.00 / **Methodology:** DCF, 8% WACC

- **Bottom Line:** TEVA delivered a solid 3Q that beat our and St. est. due to strong Copaxone sales and +100 bps of better generic gross margins than we forecast. We were most impressed by tightening of COGS and S&M in the generic segment. However, with Copaxone & other sequential headwinds, we are only increasing our 2014E EPS by 15c. Our DCF-based price target is \$65/share (from \$64) as our out-yr model tweaks were minor. Near-term catalysts include further Copaxone conversion (>65%), continued cost discipline reflected in '15 guidance, and M&A -- we felt 3Q results and mgmt. commentary support a positive outlook on all these fronts. We remain OP.
- Mgmt is pointing to December for re-acceleration of Copaxone conversion to TID formulation.
- Signs of cost discipline starting to emerge, with room for further 2015-17 improvements.
- Mgmt provided a little more color on M&A and capital allocation outlook, which remains a "show me" story
- **2014E EPS/REV:** \$4.84 / \$20,280.0 → \$4.99 / \$20,067.0
- **2015E EPS/REV:** \$4.95 / \$20,578.0 → \$5.00 / \$20,091.0

*Revenues in millions.***TELEFLEX INCORPORATED (TFX) / RICHARD NEWITTER****Post-3Q Update: Solid Qtr But 4Q Headwinds In Focus; PT to \$121**Market Perform / **Market Cap:** \$4,915.7M / **Price:** \$112.23 / **Price Target:**\$115.00 → \$121.00 / **Methodology:** ~17x 2016E EPS

- **Bottom Line:** We update our model following TFX's 3Q results. In all, it was a good quarter with slightly accelerating organic rev growth, and a solid EPS beat. Our PT increases to \$121 (vs. \$115) our valuation rolls forward to '16E. Still, we remain MP as we believe the current valuation gives TFX credit for accelerating organic growth to ~4% in 2015 and beyond and execution toward LT mgn goals. To get more constructive, we'd like a higher level of conviction in estimate upside, which could potentially come from: (1) meaningfully better-than-expected integration of prior M&A (i.e., Vidacare) vs. projections; (2) another accretive "Vidacare-like" or "LMA-like" deal; (3) add'l restructuring initiatives.
- 3Q Sales & EPS Beat.
- Guidance Increased, albeit with Implications of a 4Q Stepdown, but also likely Embedding Conservatism.
- Aside From Some Questions Raised By The Implied 4Q Guidance Step-Down, Organic Sales Growth Acceleration & Margin Expansion Story Generally Intact.
- Updating Estimates.
- **2014E EPS/REV:** \$5.56 / \$1,836.8 → \$5.70 / \$1,839.8
- **2015E EPS/REV:** \$6.47 / \$1,917.3 → \$6.40 / \$1,901.3

Revenues in MM; Cash EPS presented.

WELLPOINT, INC. (WLP) / ANA GUPTE, PH.D.**Continued Strong Execution in 3Q with Upside in 2015; New PT \$145**Outperform / **Market Cap:** \$34,717.0M / **Price:** \$122.20 / **Price Target:**\$140.00 → \$145.00 / **Methodology:** 14.4x on our 2015 EPS estimate

- **Bottom Line:** WLP reported a solid 3Q with a 10c EPS beat vs. consensus and a 20c guidance raise that was stated to be prudent. The beat was driven by the core MLR metric, which improved YoY, with the miss in SG&A that is clearly focused on quality initiatives particularly in Medicare. Importantly, the Commercial book is seeing meaningfully better performance on MLR YoY, with the company reiterating medical cost trend guidance. Balance Sheet remains well cushioned with only a 0.8 sequential drop in Days in Claims Payable (DCP) despite a substantial uptick of 4 days in 2Q. For 2015, the company appears comfortable with the consensus view, providing soft EPS guidance of \$9.15-\$9.30 (before amortization of intangibles). Management plans to move to Cash EPS for 2015, which should offer as much as 50c EPS boost to 2015 EPS (\$220MM pre-tax). We remain comfortable with our above consensus view and raise 2015E EPS by 5c to \$10.05 on a Non-Cash basis. Our longer-term view of WLP is also very positive with a Revenue, Core Earnings and EPS CAGR of 7%, 6% and 12%, respectively. We reiterate our Outperform rating while raising our price target from \$140 to \$145, which represents a P/E of 14.4x on our 2015E Non-Cash EPS view.
- Solid quarter with a 10c EPS beat and 20c FY14 guidance raise.
- Management appeared generally comfortable with consensus and directionally guided to a range of \$9.15-\$9.30.
- The PBM re-contracting with ESRX (OP) across the broader WLP-AGP book of business also offers meaningful upside at an estimated mid-single to low-double-digit EPS accretion.
- We remain bullish on the long-term WLP story
- Balance Sheet is one of the strongest in our coverage and offers a lot of optionality for buyback, dividend raise and accretive deals.
- Valuation remains compelling at a 12.2x P/E on our 2015E EPS and under 12x on a Cash EPS basis.
- **2014E EPS/REV:** \$8.88 / \$73.2 → \$8.95 / \$73.3
- **2015E EPS/REV:** \$10.00 / \$78.2 → \$10.05 / \$79.1

*Revenues in Billions; Adjusted EPS.***PREVIOUS NOTES:****HEALTHCARE SERVICES / ANA GUPTE, PH.D.****Update on Federal Exchange Litigation; Initial SCOTUS Decision Likely This Week**Outperform: CYH, HCA, UHS / **Market Perform:** LPNT, THC**RESEARCH PREVIEWS:**

Ticker	Release Date	Release Time	CC Date	CC Time EDT	CC Tel	CC Pass	3Q14				4Q14			
							Revs	Leerink	Revs	Street	EPS	Leerink	EPS	Street
FLML	10/31	Before Market	10/31	10:00 AM	888-504-7963	1529553	14.6	12.1	(0.14)	(0.09)	38.5	27.9	(0.55)	0.24
HNT	11/3	Before Market	11/3	11:00 AM	(877) 407-4019	-	3,700.0	3,684.9	0.73	0.72	3,900.0	3,889.4	0.62	0.57
CYH	11/3	After Market	11/4	11:00 AM	800-374-1773	5155405	5,059.0	4,931.7	0.79	0.76	5,347.0	5,128.8	1.32	1.27
THC	11/3	After Market	11/4	10:00 AM	-	-	4,044.6	4,011.7	0.12	0.12	4,212.7	4,219.9	1.25	1.24
ALDR	11/3	After Market	11/3	5:00 PM	(877) 430-4657	20836583	4.8	4.8	(0.23)	(0.25)	4.8	4.8	(0.25)	(0.34)
ITCI	11/3	Before Market	11/3	8:30 AM	844-835-6563	25568442	-	0.2	(0.34)	(0.27)	-	0.2	(0.47)	(0.37)
IMPR	11/3	After Market	11/3	5:00 PM	888-364-3108	7055889	23.5	23.4	(0.15)	(0.15)	24.1	25.9	(0.81)	(0.09)
BIO	11/4	After Market	11/4	5:00 PM	866-383-8009	64852364	523.6	525.4	0.85	0.98	617.1	621.8	1.49	1.61
NSTG	11/4	After Market	11/4	4:30 PM	(888) 793-9492	-	12.2	11.8	(0.71)	(0.59)	15.7	15.7	(0.69)	(0.53)
GHDX	11/4	After Market	11/4	4:30 PM	(877) 303-7208	15552266	70.8	71.0	(0.23)	(0.22)	74.9	73.7	(0.15)	(0.20)
CVS	11/4	Before Market	11/4	8:30 AM	(800) 735-5968	-	35,000.0	34,717.8	1.13	1.13	35,700.0	35,543.9	1.23	1.21
IPXL	11/4	Before Market	11/4	8:30 AM	(877) 356-3814	15780142	146.0	148.4	0.46	0.31	111.4	115.0	(0.16)	0.04
JAZZ	11/4	After Market	11/4	4:30 PM	866 318 8615	57934182	302.0	302.6	2.15	2.22	319.0	317.5	2.39	2.31
REGN	11/4	Before Market	11/4	8:30 AM	(888) 660-6127	-	721.1	733.2	1.11	2.57	747.4	794.5	1.17	2.87
EXEL	11/4	After Market	11/4	5:00 PM	866-270-6057	72954080	7.2	6.8	(0.37)	(0.37)	7.9	7.3	(0.34)	(0.33)
TTOO	11/4	After Market	11/4	4:30 PM	877-407-4018	-	-	0.0	(0.65)	(0.55)	-	0.0	(5.16)	(0.44)
PCYC	11/4	After Market	11/4	4:30 PM	877-303-7908	-	203.0	200.7	0.34	0.36	245.0	221.3	0.45	0.25
OMED	11/4	After Market	11/4	4:30 PM	855-420-0692	27012743	6.0	14.8	(0.64)	(0.31)	6.0	19.8	(0.68)	(0.18)
MYGN	11/4	After Market	11/4	4:30 PM	800-408-6335	21736626	181.1	174.8	0.38	0.32	199.8	196.6	0.45	0.46
BDX	11/4	Before Market	11/4	8:00 AM	800-938-0653	14009656	2,153.0	2,160.6	1.62	1.65	-	2,075.8	-	1.51
WCG	11/5	Before Market	11/5	8:30 AM	212-231-2902	-	3,221.0	3,281.7	0.68	0.69	3,313.0	3,270.3	1.16	0.70
FMI	11/5	After Market	11/5	4:30 PM	855-420-0652	17231442	15.0	15.7	(0.51)	(0.49)	16.7	17.6	(0.52)	(0.48)
PODD	11/5	After Market	11/5	4:30 PM	(844) 831-3022	23318176	74.4	75.3	(0.02)	(0.03)	79.5	81.0	0.03	0.02
ARIA	11/5	Before Market	11/5	8:30 AM	888-771-4371	38094306	16.7	16.6	(0.31)	(0.29)	21.9	21.5	(0.30)	(0.29)
TSRO	11/5	After Market	11/5	4:15 PM	(877) 853-5334	-	-	-	(1.18)	(1.04)	-	-	(1.18)	(1.03)

November 7-11 – American Association for the Study of Liver Disease (AASLD)

BMJ – OP – Seamus Fernandez

Close: \$58.98, Mkt Cap: \$87,219M

GILD – OP – Howard Liang

Close: \$114.22, Mkt Cap: \$115,234M

ACHN – OP – Howard Liang

Close: \$11.95, Mkt Cap: \$321M

MRK – MP – Seamus Fernandez

Close: \$57.31, Mkt Cap: \$146,523M

· Late-breaking abstracts (LB-7 and LB-2) on **BMJ's** UNITY 1 and 2 3DAA (direct antiviral agent) data from combo of asunaprevir (PI [protease inhibitor]) + daclatasvir (NS5Ai) + BMS-791325 (non-nuc) appear to show a generally similar profile to ABBV/ENTA's (OP) 3DAA regimen consisting of similar classes of agents in Hepatitis C (HCV).

· This potentially adds another, albeit somewhat late entrant, to the HCV race; however, we believe the landscape could evolve further based on upcoming C-SWIFT data (expected at AASLD, no data in abstract) from **MRK** (MP) combining its two potent NS5Ai's and PI's with a potent nuc (GILD's [OP] Sovaldi) to shorten treatment duration to 4-6 weeks.

· We believe this development could have the effect of narrowing the field, and currently only two big players (GILD, MRK) have an internal clinical-stage portfolio to produce such a combination with ACHN as potential third entry pending upcoming nuc data.

- On balance we would view this development to be a positive for **GILD**, which we believe is well positioned with a well-established nuc (Sovaldi), a second-gen NS5Ai GS-5816 (Phase III) and a pan-genotypic PI GS-9857 (entering Phase II).
- A MEDACorp liver specialist, who we hosted on a Oct. 16 call, also maintains that UNITY 1 and 2 data is insufficient to alter the post-Phase II perception that BMY's triple therapy has lower activity than GILD and ABBV/ENTA's combos, and it appears to us that BMY has the burden of proof to defend its combo's competitiveness.
- For **ACHN**, incremental new data (from abstract LB-23) on its ACH-3102 (NS5Ai) suggests the potential for shortening treatment duration to 6 weeks with a 2-DAA (ACH-3102 + GILD's SOF) combo with a potent nuc (perhaps ACH-3422 – data expected later in 2014, though will have 3 AASLD posters – 1978, 1982, 1985). The MEDACorp liver specialist noted that ACH-3422 showed improved potency vs. Sovaldi against GT3 replicons in vitro (Abstract 1978) but it remains to be seen if this advantage ends up being clinically relevant.

November 18-21 – EORTC-AACR-NCI

AGIO – OP – Howard Liang

Close: \$84.37, Mkt Cap: \$747M

CLVS – OP – Howard Liang

Close: \$59.16, Mkt Cap: \$2,043M

- At EORTC (Cancer, 11/18-21), AGIO and CLVS data will be most prominent.
- AGIO – Earlier-than-expected presentation of AG-120 Phase I data; data, although early, will be meaningful.
- CLVS – If Rociletinib (CO-1686) data shown at ESMO is maintained at EORTC-AACR-NCI and ASCO '15, it could support a role for preventing resistance. Also, first data on identifying biomarkers for PARP inhibitors could distinguish CLVS's Rucaparib program ahead of competitors.
- ARQL (OP, **\$1.17**) and EPZM (OP, **\$27.24**) will also have data there.

PREVIOUS NOTES:

UPDATED MODELS: [DERM - Model](#), [LMNX - Model](#), [RCPT - Model](#), [WMGI - Model](#)

EARNINGS PREVIEWS

[Biotechnology/Preview of 3Q:14 Earnings](#), Howard Liang

[Biotechnology/3Q:14 Biotechnology Earnings Preview](#), Joe Schwartz

[Biotechnology/3Q14 Earnings Preview for ALKS, EXEL, IMGN, and INCY](#), Michael Schmidt

[Healthcare Facilities/3Q Preview: Most Upside for HCA, THC, and CYH](#), Ana Gupte

[Healthcare IT & Distribution/HCIT 3Q:14 Preview - Positive on CERN & MDAS](#), Dave Larsen

[Healthcare IT & Distribution/C3Q:14 PBM Preview - Recommending CVS; Cautious on ESRX and CTRX](#), Dave Larsen

[Managed Care/3Q Preview: UNH, WLP; HNT Most Likely to Beat; HUM Guidance a Wild Card](#), Ana Gupte

SURVEYS

[Digital Health/Future of Digital Health](#), Steve Wardell

[Healthcare Services/Consumer Survey Shows EBOLA-fueled Procedure Delay Unlikely in 4Q; Flu Tests Up](#), Ana Gupte

[Life Science Tools and Diagnostics/Survey Offers Insight Into STD Testing Trends](#), Rich Newitter, Dan Leonard

[ISRG/Higher Confidence In Procedure Acceleration & Xi; Upgrade To OP/Outperform](#), Rich Newitter

[Medical Devices/Diabetes Survey: CGM, Patch Pump Penetration Continues to Ramp at a Rapid Pace](#), Danielle Antalffy

CV OUTCOMES SERIES

[CV Outcomes Series: Big Pot'l for MRK & LLY's CETPi's but Conviction Low](#)

[Biopharma/CV Outcomes Series: Highlights from Our PCSK9 Conference Call](#)

[Biopharma/Highlights from Our MEDACorp Acute Heart Failure Conference Call](#)

[Biopharma/CV Outcomes Series: IMPROVE-IT Expected to Support the LDL Hypothesis](#)

[Biopharma/CV Outcomes Series: NVS's LCZ696 Poised to Transform Treatment of CHF](#)

HEALTHCARE SERVICES ROUNDTABLE

[Healthcare IT & Distribution/Takeaways from Healthcare Services Roundtable](#), Dave Larsen

[Healthcare Services/Healthcare Policy Views from the Hill: Key Takeaways From Services RT Panel](#), Ana Gupte

[Healthcare Services/Paradigm Shifts to Value-Based Care Are Real: Takeaways from Recent Services RT](#), Ana Gupte

RARE DISEASE ROUNDTABLE

[Biotechnology/Orphan Drug Regulatory and Reimbursement Panels Project Continued Flexibility](#), Joe Schwartz

[Biotechnology/Takeaways from Rare Disease Roundtable](#), Howard Liang

[GWPH/Dinner With Management Previews Next Epidiolex Readout, Thoughts on Competition/Outperform](#), Paul Matteis

[AEGR/Dinner With Management Provides Insights on US Launch, PCSK9, Ex-US Biz/Outperform](#), Joe Schwartz

[Biotechnology/Takeaways from Rare Disease Roundtable on RNAi/GeneTx Stocks Under Our Coverage](#), Michael Schmidt

HEALTHCARE INSIGHTS CONFERENCE

[Healthcare/Healthcare Insights: Identifying the Industry's Key Trends & Growth Drivers](#), This Compendium Report from the Conference includes all the individual reports listed below.

[Biopharma/Investment Insights from Lymphoma/CLL Panel](#)

[Biopharma/Investment Insights from HCV Panel: Growing Patient Pool Bullish for Launches](#)

[Biopharma/Key Stock Impacts from Our Therapeutics Panels](#)

[Biopharma/Investment Insights from the IO and Targeted T-Cell Therapy Panel](#)

[Biopharma/Investment Insights from the Lung Cancer Panel](#)

[Biopharma/Investment Insights from the Breast Cancer Panel](#)

[Biotechnology/Investment Insights from Liver Disease Panel: Cautious on ICPT's OCA](#)

[Medical Supplies and Devices/Investment Insights from the MIS/Robotics Surgery Panel](#)

[Healthcare IT & Distribution/Investment Insights from the HCIT Panel: Robust Replacement Markets](#)

[Healthcare IT & Distribution/Investment Highlights from PBM Panel: Service Challenges Weigh on ESRX](#)

[Managed Care/Investment Insights from the Managed Care Panel on the Future of ACOs](#)

[Life Science Tools and Diagnostics/Investment Insights from Nextgen Seq Dx Panel: Clinical Growth Opportunity](#)

[STJ/Investment Insights from the CardioMEMS Panel: Large Market; Gradual Ramp/Outperform](#)

LONG SHELF LIFE REPORTS

[Healthcare Facilities/Puts & Takes in Dynamic Landscape of Reform & Recovery; UHS, CYH, HCA OP](#), Ana Gupte

[Biopharma/Future of Treatment of Lymphoid Malignancies](#), Howard Liang

[GWPH/Deep Dive on GWP42003 for UC: Cannabis Anecdotes Reminiscent of CBD in Epilepsy/Outperform](#), Paul Matteis

[Biopharma/P&A V - Partnerships & Acquisitions in Biopharma: Our New Top Ten List](#), Joe Schwartz et al.

[BMRN/Deep Dive on BMN111: Compelling Logic/Early Efficacy Warrant Investor Attention/Outperform](#), Joseph Schwartz

[DYAX/Deep Dive on DX2930: Value Warranted for Novel HAE Monoclonal Antibody/Outperform](#), Joseph Schwartz

[SHPG/Deep Dive on Ph. III Pipe; Feedback on Lifitegrast Surprisingly Constructive/Outperform](#), Jason Gerberry

UPCOMING HEALTHCARE EVENTS:

REGULATORY EVENTS

11/3-4: FDA AdCom: Risk Communication

11/6: FDA AdCom: Cellular, Tissue and Gene Therapy, Science Adv Bd, Oncologic Drugs

11/14: FDA AdCom: Ophthalmic

11/14: FDA AdCom: Drug Safety & Risk Mgmt

11/19-20: FDA AdCom: Science Board

11/24-25: FDA AdCom: Anesthetic and Analgesic Drug Products

MEDICAL MEETINGS

11/2-7: The Obesity Society

11/3-5: CERN Health Conference

11/4-7: Vascular Interventional Advances

11/5-8: American Academy of Implant Dentistry

11/5-8: American College of Prosthodontists

11/6: American Society of Hematology abstracts released

11/6-10: American College of Allergy, Asthma and Immunology

11/6-9: American Society for Dermatologic Surgery

11/6-8: International Society for Traumatic Stress Studies

11/6-9: Society for the Immunotherapy of Cancer

11/7-11: American Association for the Study of Liver Diseases, ACHN, ALNY, BMY, ENTA, GILD, ICPT, ISIS, JNJ, MRK, RPTP, TKMR

11/11-16: American Society of Nephrology, XLRN

11/12-15: North American Spine Society

11/12-15: Personal Genomes and Medical Genomics

11/13-16: American Academy of Physical Medicine and Rehabilitation

11/13-16: Asian Pacific Society of Respiriology

11/13-15: Association of Molecular Pathology

11/13-16: Society for Melanoma Research

11/13-16: Society for Neuro-Oncology

CORPORATE EVENTS

11/1: A distribution date for Keysight

11/3: EPS BMO: HNT, ITCI; **AMC:** ALDR, CYH, IMPR, THC

11/4: EPS BMO: BDX, CVS, IPXL, REGN; **AMC:** BIO, EXEL, JAZZ, MYGN, NSTG

11/5: EPS BMO: ACT, ARIA, COV, ENDP, MNTA, WCG; **AMC:** FMI, HOLX, PODD, TSRO, WBMD, WMGI, XENT

11/5: EPS BMO: AKRX, AZN, DRNA, HSIC, HSP, NXTM, PRRO; **AMC:** BRKR, CLVS, DXCM, MDRX, MDVN, SLXP, TKMR, WAG

11/10: Investor meeting: ICPT

11/13: Investor meeting: NUVA

11/18: Investor meeting: AZN

11/20: Investor meeting: SNY

Disclosures Appendix

Analyst Certification

Each analyst certifies that the views expressed in this report accurately reflect their views and that no part of their compensation was, is, or will be directly related to the specific recommendation or views contained in this report.

Distribution of Ratings/Investment Banking Services (IB) as of 09/30/14				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OP]	138	69.30	51	37.00
HOLD [MP]	61	30.70	2	3.30
SELL [UP]	0	0.00	0	0.00

Explanation of Ratings

Outperform (Buy): We expect this stock to outperform its benchmark over the next 12 months.

Market Perform (Hold/Neutral): We expect this stock to perform in line with its benchmark over the next 12 months.

Underperform (Sell): We expect this stock to underperform its benchmark over the next 12 months. The degree of outperformance or underperformance required to warrant an Outperform or an Underperform rating should be commensurate with the risk profile of the company.

For the purposes of these definitions the relevant benchmark will be the S&P 600® Health Care Index for issuers with a market capitalization of less than \$2 billion and the S&P 500® Health Care Index for issuers with a market capitalization over \$2 billion.

Important Disclosures

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