

MORNING SUMMARY

December 18, 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	
ATW	B	—	▼	EPS (\$)	▼	▲	▼	▼	Estimate Changes
DISCA	N	—	—	EPS (\$)	▼	—	▲	▼	Estimate Changes
DISCK	N	—	—	EPS (\$)	▼	—	▲	—	Estimate Changes
DO	N	—	—	EPS (\$)	▼	▲	▼	▼	Estimate Changes
ESV	N	—	—	EPS (\$)	▲	▲	▲	▼	Estimate Changes
MDCO	B	—	—	Revenue (\$M)	—	—	—	—	Company Update
NE	B	—	▼	EPS (\$)	▼	▼	—	▼	Estimate Changes
ORIG	N	—	—	EPS (\$)	▼	▼	▼	▼	Estimate Changes
PACD	B	—	▼	EPS (\$)	▼	▼	▼	▼	Estimate Changes
PRGO	B	—	—	Revenue (\$M)	—	—	—	—	Company Update
RDC	N	—	—	EPS (\$)	—	▼	▼	▼	Estimate Changes
RIG	N	—	—	EPS (\$)	▼	▼	▼	▼	Estimate Changes
SDRL	N	—	—	EPS (\$)	—	▼	—	▼	Estimate Changes
TTPH	B	—	▲	Revenue (\$M)	—	—	—	—	Company Update

[Biopharmaceuticals: BMY - NEUTRAL - Comments from the Global Head of the Nivolumab/Anti-PD1 Program at the Guggenheim Healthcare Day](#)

[Energy: Bad for Longer: Lowering Dayrate Deck to Reflect Commodity Realities](#)

[Media and Entertainment: DISCA/DISCK - NEUTRAL - Valuation More Compelling but We See Challenges Yet to Play Out](#)

[Specialty Pharmaceuticals: Potential Stock Moving Catalysts as of January](#)

[WRG Health: Oral Drugs Out of Dialysis Bundle Until 2025](#)

[WRG Politics: Obama Washes Down Lame Duck with Cuba Libre \(DC Download\)](#)

PRICE TARGET CHANGES

Bad for Longer; Lowering Dayrate Deck to Reflect Commodity Realities**Darren Gacicia**

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Lowering Dayrate Forecast to Reflect Longer Trough & 2H16 Market Improvement. We are lowering our dayrate forecast (pg. 6) to assume the recent run rate of lower fixtures across asset classes, driven by lower commodity prices and more cautious capital budgets, sets a new tone for offshore rig dayrates. With a flat demand forecast on currently reduced activity, we do not see a material recovery in the market fleet utilization until rig retirements impact supply and demand shows signs of recovery (see: [Floater Attrition Forecast: A Potential Inflection Point \[11/13/2014\]](#), [Deepwater Project Economics vs. Sentiment – Supports Flat Floater Demand \[11/19/2014\]](#)). We are lowering our 2015/2016 EPS estimates across the group by an average of 9.3% and 21.0%, respectively, taking us below consensus on 5 names in 2015 (of 9) and 4 in 2016 (pg. 3). Factoring lower near-term earnings forecasts, rising marginal debt costs, and greater risk premiums/tighter capital markets, our NAVs fall by an average of 19% across the group, driving downward price target revisions on our BUY-rated stocks. At 2%-59% (avg. 23%) discounts to stressed NAVs, we suspect the group may see upside in early 2015 if investors sense a bottom in commodity prices and find more clarity on near-term capital budgets. In the interim, as commodities continue to search for a bottom, we believe offshore driller shares will remain choppy. We maintain three BUY ratings for investors seeking exposure to offshore drillers that we believe offer the best risk/reward in a challenging tape: NE (BUY, \$16.40, PT now \$22, down from \$30), ATW (BUY, \$27.82, PT now \$50, down from \$55), PACD (BUY, \$4.51, PT now \$11, down from \$14). As we enter 2015, we categorize our offshore driller coverage groups:

- **High Quality, Best Positioned for Longer Downturn: NE, ATW, & PACD.** We believe NE, ATW, and PACD screen as the best risk/reward among offshore drillers in our coverage based on fleet quality, balance sheet strength, cash flow profile, discounts to NAV, and potential positive catalysts. NE (75% P/NAV) moves to our top larger-cap pick, given the pending share repurchase authorization for ~15% of its shares outstanding. We continue to like ATW (56% P/NAV) and PACD (41% P/NAV) among small/mid-cap offshore drillers, as we believe the market nor the industry will allow premium assets to trade at significant discounts indefinitely.
- **High Quality, Low Balance Sheet Risk, but Jackup Overhangs: ESV (NEUTRAL, \$28.43) and RDC (NEUTRAL, \$22.04)** represent quality franchises, with solid balance sheets, cash flows, and minimal funding requirements, but concerns about a steeper dayrate decline and risk of negative revisions leaves us more cautious on the pair. Although we forecast a ~25% decline in jackup dayrates through 1H16, increased competitions from 100+ uncontracted jackup newbuilds entering the market through 2016 may prove a greater overhang on dayrates and RDC/ESV shares in the near term (see: [Top Ten Reasons to Fear the Jackup Market: Downgrading ESV to Neutral, 7/16/14](#)). Given recent industry asset impairments, likely attributed to acquisition-related asset write-ups, we have not dismissed potential further write-downs from ESV (acquisition of Pride). That said, neither ESV or RDC carry significant balance sheet risk, in our view.
- **Most Controversial: Highest Leverage to Market Dynamics: SDRL (NEUTRAL, \$12.16), RIG (NEUTRAL, \$18.21), DO (NEUTRAL, \$38.10).** SDRL, RIG, and DO remain the most controversial names in the group, in our view, due to funding concerns for newbuild deliveries (SDRL, RIG), financial leverage (SDRL), potential rig retirements (RIG, DO), and possible asset impairments (RIG, DO), which make these shares the most leveraged to changes in rig market fundamentals. We anticipate these shares will remain more volatile than the rest of the group, as oil searches for a bottom and rig markets look to become more balanced. Investor concerns about balance sheets and funding gaps amid tighter capital markets may continue to create headwinds for SDRL and RIG. In our view, ultimately capital markets will fund at higher borrowing costs. SDRL appears to have covered more of its capital needs with a combination of the dividend cut, credit facilities, and ECA facilities. Market anxieties about further asset write-downs for RIG remain difficult to quantify and risk (trading at ~\$18/sh vs. TBV/sh ~\$37). With \$1.4Bn of debt (15% of debt outstanding) to refinance through 2016 and our model flirting with 4x total debt/EBITDA ratios in 2015, the degree of any potential write-down and rising borrowing costs remain a concern. In the near term, we suspect these hazards will continue to weigh on shares, but we look to revisit these names as signs of a turn in the offshore rig market appear and we seek to maximize leverage to the positive inflection (see: [SDRL and RIG - Downgrading to NEUTRAL: Commodity and Capital Markets No Longer Support Bull Case \[12/1/2014\]](#), [DO - Downgrading to NEUTRAL - More Cautious on Near-Term Outlook and Dividend Cut \[12/1/2014\]](#)).
- **Agency Risks & Overhangs: ORIG (NEUTRAL, \$9.31).** Although ORIG hosts an attractive discount to NAV and a high quality fleet, recent lending to majority owner DRYs (NC, \$0.81) and related collateral pledges of ORIG shares make the story less transparent. We prefer to seek exposure to the offshore drilling sector through other names (see: [ORIG - Downgrading to NEUTRAL - DryShips Agency Risk Turns Our Attention Elsewhere \[11/10/2014\]](#)).

[TTPH - BUY - Raising Price Target from \\$33 to \\$45 Following Positive Top-Line IGNITE 1 Results in Patients with cIAI](#)**Louise Chen**

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BUY			
TTPH	\$33.19	Price Target	
		\$45.00	
Current Q	Next Q	Current FY	Next FY
\$3.0	-	\$9.0	\$15.4
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$1,018	Rev(\$M)	-	-

We are increasing our price target for TTPH from \$33 to \$45 following positive top-line eravacycline Phase III results, which looked at the drug for the treatment of complicated intra-abdominal infection (cIAI) compared to ertapenem. We used a DCF analysis to arrive at our new 12-month PT. The increase in our PT is driven by multiple expansion given our increasing confidence that TTPH's eravacycline will capture meaningful market share and could be priced higher than expected.

We think eravacycline's peak sales potential of \$1B is underappreciated and that there is a free call option on TTPH's other three antibiotics in development. We also think TTPH is an attractive company in a consolidating space.

Eravacycline met the primary endpoint of statistical non-inferiority of clinical response at the test-of-cure (TOC) visit. The secondary analyses were consistent with and supportive of the primary outcome. There were no drug-related serious adverse events in the trial (nausea, 3.3% and emesis, 2.2%). The spectrum of pathogens in this trial was similar to that seen in other pivotal trials in this patient population. The most common gram-negative pathogens in the study included *Escherichia coli*, *Klebsiella pneumoniae*, *Pseudomonas*, and *Bacteroides*.

Even though other companies have gram-negative drugs that may be approved before eravacycline, we still believe it will gain share because 1) eravacycline is a tetracycline vs. competitors (cephalosporin+β-lactamase inhibitor), 2) dosing convenience, 1x or 2x a day vs. competitors (3x or 4x), 3) single agent vs. two-drug combos, 4) oral step-down option vs. IV-only, and 5) lower probability of resistance.

Potential Catalysts: 1) Data from cUTI trial, mid-'15; 2) EU partner for eravacycline, '14+; 3) submit cIAI data for scientific meeting in 2015; 4) file eravacycline NDA, 2H15; 5) file eravacycline MAA, 1H16; 6) U.S. approval of eravacycline, '16; 7) EU approval '17.

ESTIMATE CHANGES

DISCA/DISCK - NEUTRAL - Valuation More Compelling but We See Challenges Yet to Play Out

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At 15.9x our 2015 EPS estimate, Discovery shares are now more compelling as they are close to relative valuation lows as detailed below. However, we believe that domestic affiliate renewal risk, tough ratings comparisons to start the year, and potential margin pressure are challenges that are yet to be fully recognized in investor expectations (further detailed within) and thus we maintain our NEUTRAL rating on the shares.

In addition to the incremental concerns noted above, we remain cautious given: 1) ongoing industry-wide ratings challenges; 2) foreign exchange headwinds; 3) potential affiliate growth drag from the CMCSA/TWC transaction; 4) pending structural changes in Russia; and 5) OTT competition in Europe. We have detailed each of these challenges in the past (see our 9/9 note [\[link\]](#) for analysis).

Our model has been updated to reflect the more challenging FX environment, including management commentary that current rates imply drags of ~\$150mm to revenue and \$75mm to OIBDA in 2015. We have also increased the share count impact of our repurchase outlook to reflect the stock distribution in 3Q.

Our 4Q adjusted EPS estimate (ex-acquisition amortization) is now \$0.46 down from \$0.47 and our 2015 EPS estimate is unchanged at \$2.06. We have lowered our 2015 EBITDA estimate to \$2.63bn from our prior \$2.75bn and note that our estimate is ~4.5% below the Bloomberg consensus outlook.

Ticker	Price	Market	Rating		Price Target		Current EPS			Previous EPS		
	Share	Cap (M)	Current	Previous	Current	Previous	2013	2014	2015	2013	2014	2015
DISCA	\$34.22	\$23,138	Neutral		NA		1.63	1.89E	2.06E	—	1.88E	2.09E
DISCK	\$33.52	\$23,138	Neutral		NA		1.63	1.89E	2.06E	—	1.88E	—

COMPANY AND INDUSTRY UPDATES

MDCO - BUY - Unlocking Value for MDCO's Pipeline Assets

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BUY			
MDCO	\$26.72	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.
\$1,748	Rev(\$M)	-	-

Time spent yesterday in investor meetings with Scott Johnson, Chief Medical Adviser, and Sanuj Ravindran, VP New Business Ventures, increases our confidence that concerns regarding potential generic competition for Angiomax (in mid-'15) and MDCO's working capital needs are overdone. MDCO's pipeline includes eight potential launches over the next 18 months, with peak sales potential of \$3B (\$16.50 in EPS) for these drugs, by our estimate, which we believe is not reflected in MDCO's stock price. We like MDCO because we believe there is a large market opportunity for its drugs that address the new treatment paradigm in hospitals (treat effectively, get out faster). MDCO stock also seems undervalued to us (we see a lot of potential value to be unlocked in pipeline). MDCO has a market cap of \$1.7B, whereas similar companies have higher valuations. For example, Cadence was acquired for ~\$1.3B (one product, no pipeline) and PCRX has a market cap of \$3.3B. Also, we think there is meaningful upside potential to MDCO shares if the company can successfully commercialize its antibiotics. Merck recently acquired Cubist for \$9B.

Takeaways from the meetings that support our positive thesis are as follows:

- We continue to model brand exclusivity for Angiomax until '19. MDCO expects a decision regarding HSP in May or June 2015. If no decision is issued before the expiration of the June 2015 patent, MDCO will seek a preliminary injunction to prevent generics from launching. MDCO did note it would be open to a settlement with HSP prior to this date, provided the terms made commercial sense for MDCO.
- MDCO could pay out ~\$400MM in success-based milestones and acquisition payments in 2015. (Please see our note for details [MDCO - BUY - Milestones Analysis Underscores Peak Sales Potential for MDCO's Pipeline Still Underappreciated](#).) The company is currently exploring non-dilutive ways in which to meet these possible payments. These include entering into a number of partnerships for the company's assets. MDCO plans to look to form partnerships outside the United States, either on a global basis (ex-U.S.) or regionally, with a focus on Asia, Latin America, as well as Eastern Europe. MDCO believes many of its pipeline assets are at, or nearing, inflection points where it would naturally look to partner the assets. When partnering, MDCO could look to retain some commercial upside to these products. MDCO believes the company's PCS-K9 program will likely require a large global partner.
- As of December 15, 2014, MDCO ceased paying royalties to Biogen (~20% of Angiomax sales). Based on our 2015 Angiomax U.S. net sales estimate of \$618MM, we believe MDCO could increase its cash flow by ~\$124MM simply by not having to pay this royalty in 2015. MDCO currently has ~\$375MM cash on hand.
- The Cangrelor CRL response is expected to be submitted before year end. The company expects a six-month review process and estimates peak sales potential for Cangrelor of ~\$400MM, with very little sales force build up required due to MDCO's current sales force within cardiovascular.
- Orbactiv (oritavancin) was launched in October of this year. While it is too early for the company to comment on the success of the launch or the launch progression, the company did note that it is happy with the launch to date. We still think peak sales potential for Orbactiv is underappreciated (\$500MM+ vs. Street at less than \$200MM).
- MDCO is not actively seeking to do a tax inversion in 2015; however, the company does have subsidiaries in Switzerland and the Netherlands that it could use for tax planning purposes going forward.

Potential Catalysts. 1) Approvals: Cangrelor, Ionsys, Raplixa, RPX-602, Carbavance; 2) Expand into PEI with Angiomax; 3) Business development; and 4) Pipeline advancements.

[PRGO - BUY - Several Potential Near-Term Catalysts to Get Excited About](#)

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BUY			
PRGO	\$153.77	Price Target	
		\$195.00	
Current Q	Next Q	Current FY	Next FY
\$1,113.4	\$1,294.0	\$5,031.6	\$6,390.8
Market Cap (M)	Metric	Mult Curr Yr.	Mult Next Yr.
\$21,647	Rev(\$M)	-	-

After spending the day with PRGO's CEO, Joseph Papa (investor meetings), we believe that several near-term catalysts and the Omega acquisition could drive PRGO's stock higher over the next few months. We highlight the points from our meetings which support our view below.

- Based on our due diligence, we expect PRGO (BUY, \$159.15) to launch generic Androgel 1.00% in January. Although this opportunity is already risk adjusted into PRGO's F'15 guidance, there could be upside to PRGO's guidance if PRGO could take share from Androgel 1.62% as well. We estimate the 1.00% market is ~\$300MM and the entire franchise, both 1.00% and 1.62%, is ~\$1B. We think payors should consider not reimbursing the 1.62% if a cheaper alternative becomes available. Also Androgel could be a limited competition opportunity for PRGO if no additional AB-rated versions are approved.
- Our estimates point to the cough and cold season trending higher than last year, but it is still too early to predict the area under the curve for the season. If the season is strong, this would be especially good for PRGO. Retail levels of cough and cold drugs are low because retailers did not stock much this year due to the cough and cold season being so weak last year. We would also note that PRGO has re-launched Mucinex in time for this year's cough and cold season, and if the season is strong, this would be yet another potential upside driver.
- We see potential upside to Street expectations for Omega two to four years post close, driven by revenue and COGS synergies. On the revenue side, we expect PRGO to sell line extensions of PRGO's U.S. drugs through Omega (potential ideas include: nicotine replacement products, Solpadeine PM, Beconase Oral). With respect to COGS, Omega currently outsources 80 percent of its products and PRGO wants to bring most of this in house. Therefore, we think there accretion from the Omega acquisition could pick up meaningfully two to four years post deal close.
- PRGO wants to reduce its pro forma leverage from 4x to 3x and this will be driven by increasing EBITDA post the Omega deal close. PRGO is expecting annual cash flows of \$1.3B with Omega. PRGO could have done the Omega deal with only debt, but PRGO is committed to keeping its investment grade rating which ensures lower interest rates relative to the overall market in case the favorable rate environment changes. Omega's sales growth has been driven by volume and market share gains. There have not been significant price increases and pricing overall has been relatively flat. PRGO is still interested in ophthalmics, pet care, adult nutrition and diabetes but PRGO only expects to do bolt on deals in the near term while it closes and integrates Omega.
- We think the Street should focus on PRGO's annual sales and earnings growth and not the quarters. For almost 9 years, PRGO has never missed guidance on full year results. The quarters are harder to model due to seasonality and the timing of new product launches (which has been a concern for the Street), but we think full year results matter more when analyzing PRGO's operating performance. PRGO will report F2Q15 results using the debt and share count before the debt and equity raises for the Omega deal since these do not impact PRGO's operating results.
- PRGO will launch a flea and tick line extension product with sales potential of tens of millions of dollars, by our estimate. PRGO thinks that the dynamic

of veterinarians diagnosing, prescribing and dispensing pet meds will change, and that prescriptions will be filled by retailers (lowers cost). This would be positive for PRGO, which is a strong player in this channel.

- PFE's (NC, \$31.12) OTC statin trial should finish in a few months. If this trial shows statins can be effectively taken by consumers based on risk factors versus a doctor's diagnosis this could be a big potential opportunity for PRGO as well (a store brand Lipitor).

BMJ - NEUTRAL - Comments from the Global Head of the Nivolumab/Anti-PD1 Program at the Guggenheim Healthcare Day

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We had the opportunity during the Guggenheim Healthcare One-on-One Day to spend some time with Bristol-Myers' (BMJ, NEUTRAL, \$59.19) Dr. Fouad Namouni. Dr. Namouni is Vice President, Global Development Lead for Nivolumab. He leads the team responsible for the global development of nivolumab. Other particulars regarding his biography are noted below.

Dr. Namouni reminded us of the PDUFA for nivolumab in melanoma (March 2015). Obviously the initial foray into cancerous tissues supported good activity in melanoma, lung and renal, but as evidenced at the recent American Society of Hematology meetings (December 6-10) good activity exists in blood cancers like Hodgkin's lymphoma (see our note of December 8 [BMJ: Opdivo/Anti-PD1 in Lymphoma at ASH](#)).

As a reminder, at ASH Dr. Philippe Armand (Dana Farber) and others presented data on BMJ's anti-PD1, nivolumab in patients with relapsed or refractory Hodgkin's lymphoma. In a separate study, Dr. Alexander Lesokhin (Memorial Sloan Kettering) and others presented data on nivolumab use in non-Hodgkin's lymphoma or multiple myeloma. Both were Phase 1 studies.

Use of anti-PD1 in Hodgkin's lymphoma appeared clear clinically in part because the PD1 ligand is up-regulated in a Hodgkin's patient. There is amplification of PD1 ligand and JAK2 from overexpression at the 9p24.1 loci observed in classical Hodgkin's lymphoma (HL). Twenty-three patients were treated with nivolumab. Response rates were seen in 87%, or 20 patients, with four (17%) complete responses, 16 (70%) partial responses, and three with stable disease. Two patients discontinued due to toxicities. Adverse events were seen in 78% of patients, with 22% grade 3 toxicities. Pneumonitis was not seen at high rates.

BMJ has received breakthrough designation and has moved to a Phase 2 study (Checkmate 205). We estimate if the Phase 2 study is successful BMJ will be able to file with regulatory authorities.

In the subsequent non-Hodgkin's lymphoma study, 82 patients were treated: 31 with B cell lymphoma, 23 with T cell lymphoma, and 27 with multiple myeloma. In B cell lymphoma there was a 28% overall response rate with four patients responding having had follicular lymphoma and four with diffuse large B cell lymphoma (40% and 36% response rates, respectively). There were no overall responses in patients with multiple myeloma.

Nivolumab was well tolerated, with 62% adverse events. Pneumonitis was seen in 11% of patients (though no correlation with prior treatment with radiation or rituximab) and there was one death due to respiratory failure. It was unclear to us if this was drug-related, and it is clear inflammation of the lungs due to anti-PD1 therapy remains a concern in some cancers. Grade 3 adverse events were seen in 18% of patients.

Potential Stock Moving Catalysts as of January

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FOCUS CATALYSTS

- **PRGO** - We expect several potential catalysts to drive the stock higher in January. These include: a robust launch of generic Androgel 1.00% (that takes share from 1.62% as well), a stronger than expected cough and cold season and positive results from the PFE (NC, \$30.67) OTC statin trials (timing not certain). If all of these catalysts turn out favorably for PRGO, we estimate the stock could trade 10% to 15% higher in January.
- **VRX** - VRX will host its '15 financial guidance call on 1/8/15. This will be an important call because the Street will want to hear about VRX's go forward strategy without AGN. We expect the call to be a positive catalyst for VRX shares.
- **IPXL** - The PDUFA date for Rytary (Parkinson's drug) is 1/9/14. We think there is a greater than 50% chance Rytary is approved in January. We believe the stock could trade up 10% to 20% on an approval and we think the stock could trade down 7% to 10% on another CRL.

Potential Catalysts:

AcetRx: 1) Ph III trials for ARX-04, '14/'15; 2) Analyst Day, '15; 3) U.S. and EU Zalviso approvals, '15; 4) Pipeline advancements for ARX-02 and ARX-03, '15+; 5) South America and Asia partnership deals for Zalviso, '15+.

Actavis: 1) Launches: Mucinex, Pulmicort, TD Oxycontin; 2) Brand (Levosert, Diafert) and biosimilars pipeline advancements; 3) Close and integrate AGN acquisition.

Akorn: 1) Integrate Hi-Tech, '15; 2) Launches of up to 25-26 ANDAs including Precedex, Restasis, Nembutal, '15+; 3) FDA inspection for Kilitch facility, '14/'15; 4) FDA removal of unapproved Atropine products, '15+.

Allergan: 1) DARPin complete PhII data; 2) DARPin+anti-PDGF PhI, '15; 3) Levadex/Semprana approval by end of 2Q15; 4) PhII data from Restasis X, ~'16; 5) Ph III DARPin data; 6) pipeline advancements.

ANI Pharmaceuticals: 1) Launch one more generic product (acquired from TEVA) in 4Q14 and another in 1Q15; 2) Launch of Sofgen and Dexcel '15; 3) Regain exclusivity of EEMT market 2H15; 4) TEVA launches generic Androgel in 2015 and ANIP gets 5% royalty; 5) Additional business development and/or partnership agreements for new products, 2015+.

Antares: 1) Approvals: TevTropin 10mg, '15; 2) Launch progression of Otrexup and launch of Vibex sumatriptan, '15; 3) AB rated approval for generic EpiPen, '15; 4) Pipeline advancements and partnerships.

Dermira: 1) Cimzia Initiation of Ph3 trials in 1H15, results in '17, approval in '18; 2) DRM04, report Ph2b HH02 data 1H15; 3) DRM04 initiation of Ph3 trials 2H15; 4) DRM01 initiation of Ph2b trial H15, results in ~1H16.

Endo: 1) Additional Lidoderm generic launches '15; 2) Opana ER insufflation study results '15; 3) AUXL close 1Q15; 4) BEMA Buprenorphine NDA filing '15; 5) M&A.

Horizon: 1) Integrate Vidara; 2) M&A and/or business development '15+; 3) Continued market share gains for Duexis; Vimovo, Rayos/Lodotra '15+; 4) Price increases for Actimmune '15+; 5) Launch Pennsaid 2%, January '15; and 6) Start Phase III trial for Actimmune in FA 2Q15.

Hospira: 1) Dyloject approval, '15+; 2) Rocky Mount resolve WL, '15+; 3) Vizag online, '15+; 4) Submission of 250+ filings OUS, '15; 5) Transition away from legacy pumps, '15; 6) Next generation pumps on market; 7) U.S. EPO launch '16.

Impax: 1) Resolution of Hayward WL; 2) Close Tower and Lineage deals, 1Q15; 3) Acquisition(s); 4) Rytary U.S. approval 1/9/15 and ex-U.S. partner; 5) 11 Hayward launches after resolution of WL; 6) Advance pipeline of 77 products.

Jazz: 1) Additional patents for Xyrem; 2) JZP-386 data, '15+; 3) Start Ph3 trials for JZP-110; 4) Xyrem trial '15; 5) Settlement w/generic filers for Xyrem launch in '20+; and 6) Business development.

Kindred Bio: 1) Data from pivotal study for SentiKin released in mid-'15; 2) Approval for SentiKin, '15+; 3) Additional pipeline advancements and approvals; 4) Partnerships and business development.

Mallinckrodt: 1) Generic Concerta reclassification impact '15+; 2) Acthar clinical data rollout '15+; 3) M&A.

Medicines Company: 1) Approvals: Cangrelor, lonsys, Raplixa, RPX-602, Carbavance; 2) Expand into PEI w/ Angiomax; 3) Business development; 4) Pipeline advancements.

Mylan: 1) Launches of Lidoderm, Copaxone, Advair, '15/'16; 2) Investor Day '15+; 3) Close generics deal 1Q15; 4) Launch biologics '15-'18; 5) Reach \$6.00 EPS '18E.

Neothetics: 1) LIPO-202 Phase III results, '15 and '16; 2) LIPO-202 submission in 2H16; 3) LIPO-202 approval and launch in 2H17.

Orexo: 1) Zubsolv launch progression; 2) approvals of new flavors; 3) approval of Induction indication; 4) develop OX51; and 5) commercialize Zubsolv outside the U.S.

Pernix: 1) Continued increase of Silenor Rx, '15+; 2) Turnaround of Treximet Rx decline, '15+; 3) Business development, 15+; 4) Pipeline advancements, '15+.

Perrigo: 1) Approvals and launches for: Androgel 1.00%, Allegra D12, Zegerid, Patanase, Cenestin, SB Nasacort '15; 2) Close Omega deal 1Q15; 3) Business development, '15+.

Phibro: 1) Increasing market share and geographic expansion of existing products, '15+; 2) New product approvals and launches, '15+; 3) Gross margin and operating margin expansion, '15+; 4) Debt paydown reduces interest expense, '15+; 5) Tuck-in acquisitions, '15+.

Sagent: 1) Launches of iron sucrose, pentobarbital (Nembutal), bupivacaine; 2) Gross margin expansion and operating leverage; 3) Business development/M&A.

Tetraphase: 1) Data from cUTI trial, mid-'15; 2) EU partner for Eravacycline, '15+; 3) File Eravacycline NDA, 2H15; 4) File Eravacycline MAA, 1H16; 5) U.S. approval of Eravacycline, '16; 6) EU approval, '17.

Teva: 1) Approvals for Concerta, Suboxone, Epipen, '15+; 2) Copaxone 3TW switch continues to increase; 3) business development; 4) pipeline advancements.

Valeant: 1) B&L, \$900M+ synergies, end '14; 2) Tuck-in acquisitions, '15; 3) Lantanoprostene Bunod approval, '16; 4) Top 5 global pharma company, end '16.

Zoetis: 1) Close Abbott (NC, \$43.40) Animal health deal, 1Q15; 2) Operating margin expansion; 3) new product launches; 4) Business development; and 5) Expansion into adjacent categories.

MARKET COMMENTARY AND DESK ANALYSIS

Oral Drugs Out of Dialysis Bundle Until 2025

THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT

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Oral drugs incident to the treatment of end stage renal disease (ESRD) will be delayed until 2025, under a provision in the bill known as the Achieving a Better Life Experience (ABLE) Act passed by the Senate Tuesday. The bill is paid for with three provisions that cut \$1.2 billion from Medicare providers.

According to the Congressional Budget Office (CBO), delaying the inclusion of the orals saves \$380 million per year. We believe that it's possible the orals are delayed indefinitely now that it has been determined that the provision is a cost saver.

Companies with "oral only" drugs include **Amgen**, **Sanofi** and **Keryx**.

Obama Washes Down Lame Duck with Cuba Libre (DC Download)**THIS MATERIAL IS MARKET COMMENTARY AND NOT A RESEARCH REPORT****Chris Krueger**202-747-9469, chris.krueger@guggenheimpartners.com**[CLICK HERE TO ACCESS THIS REPORT](#)**

The Lame Duck is finished, but Obama has shown himself to be anything but in the past six weeks since the midterms, adding to his already impressive list of executive actions yesterday with the biggest shift in U.S.-Cuba relations since formal ties were severed in 1961 during the Kennedy Administration. The United States will restore full diplomatic relations with Cuba and will re-establish an Embassy in Havana (the U.S. Ambassador to Cuba confirmation hearings should be interesting) alongside easing travel and trade restrictions. **It takes legislation to repeal the Cuba travel and trade ban, which we believe has a less than 25% chance of enactment next year given that the high-profile anti-Castro lawmakers in both the House and Senate will be in positions of increasing power, with the full GOP takeover come January 6.** By comparison to Obama's last six weeks, the Congress completed the bare minimum legislation of a one-year tax extenders patch (which expires in 13 days), funded the government (ex Homeland Security) until September 30, passed the Defense Authorization bill, and a handful of other bills that shared year-end expiration dates though is going to let the Terrorism Risk Insurance Authorization expire on December 31. This Congressional laundry list is incredibly tepid when compared to Obama's past six weeks, which now include the Cuba shift; Net Neutrality comments from Obama; coal/emissions deal with China; immigration executive action; EPA regulation curbing emissions of ozone, which many have criticized as the most expensive rulemaking ever; spiking of the two-year tax extenders deal; delay of the Iran nuclear talks for seven months; and threat to shut down the prison at Guantanamo Bay. **Congress played checkers in the Lame Duck and Obama played chess – time will tell who played the better turn, but there is no question that Obama has made a far bigger impact post elections and that his actions will cast a wide shadow on his legacy that he increasingly views as devoid from new legislation.** As if the new Congress didn't have enough to tackle in January (TRIA, ISIS War Vote, and confirmations of both Defense Secretary and Attorney General), we can now add a contentious debate on Cuba policy to the list – and that is just the first month, with the policy cliffs to follow, ending with the debt ceiling in the late summer.

Equity Research: Coverage Universe

ENERGY

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Offshore Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Atwood Oceanics, Inc.	ATW	Buy	\$27.82	\$50.00	\$1,815
Diamond Offshore Drilling Inc.	DO	Neutral	\$38.10	NA	\$5,244
Enso plc	ESV	Neutral	\$28.43	NA	\$6,596
Hercules Offshore, Inc.	HERO	Neutral	\$1.16	NA	\$187
Noble Corp.	NE	Buy	\$16.40	\$22.00	\$4,132
Ocean Rig UDW Inc.	ORIG	Neutral	\$9.31	NA	\$1,227
Pacific Drilling S.A.	PACD	Buy	\$4.51	\$11.00	\$981
Rowan Companies Inc.	RDC	Neutral	\$22.04	NA	\$2,756
Seadrill Ltd.	SDRL	Neutral	\$12.16	NA	\$5,893
Transocean Ltd.	RIG	Neutral	\$18.21	NA	\$6,592

Small/Mid Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Aker Solutions ASA	AKSO.NO	Buy	NOK 38.15	NOK 75.00	NOK 10,378
CARBO Ceramics Inc.	CRR	Neutral	\$39.22	NA	\$906
Core Laboratories NV	CLB	Buy	\$119.56	\$145.00	\$5,236
Dril-Quip, Inc.	DRQ	Neutral	\$73.38	NA	\$2,897
Forum Energy Technologies, Inc.	FET	Buy	\$19.36	\$26.00	\$1,823
Oceaneering International, Inc.	OII	Neutral	\$58.84	NA	\$6,179
Superior Energy Services, Inc.	SPN	Neutral	\$19.84	NA	\$3,019
U.S. Silica Holdings, Inc.	SLCA	Buy	\$26.85	\$45.00	\$1,448

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Large Cap Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Cameron International, Inc.	CAM	Neutral	\$46.95	NA	\$9,270
FMC Technologies, Inc.	FTI	Neutral	\$44.32	NA	\$10,364
National Oilwell Varco	NOV	Buy	\$64.02	\$80.00	\$27,565
Tenaris	TS	Buy	\$30.04	\$45.00	\$17,732

Large Cap Oil Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Baker Hughes, Inc.	BHI	Buy	\$56.35	\$81.00	\$24,377
Halliburton Company	HAL	Buy	\$39.44	\$55.00	\$33,424
Schlumberger, Ltd.	SLB	Buy	\$82.88	\$105.00	\$106,649
Weatherford International, Ltd.	WFT	Neutral	\$11.38	NA	\$8,806

Land Contract Drilling	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Helmerich & Payne	HP	Neutral	\$65.02	NA	\$7,039
Nabors Industries	NBR	Neutral	\$11.49	NA	\$3,326
Patterson UTI	PTEN	Neutral	\$16.15	NA	\$2,364
Seventy Seven Energy Inc.	SSE	Neutral	\$6.06	NA	\$308

SMID Cap Services and Equipment	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
C&J Energy Services, Inc.	CJES	Neutral	\$13.25	NA	\$733
Dresser-Rand Group Inc.	DRC	Neutral	\$80.49	NA	\$6,170
Frank's International N.V.	FI	Neutral	\$16.20	NA	\$2,499
Oil States International Inc.	OIS	Neutral	\$46.17	NA	\$2,455
Tesco Corporation	TESO	Neutral	\$12.61	NA	\$500

FINANCIAL SERVICES: BANKS

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Business Development Companies	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Ares Capital Corporation	ARCC	Buy	\$14.86	\$18.50	\$4,666
Hercules Technology Growth Capital, Inc.	HTGC	Buy	\$14.39	\$17.00	\$924

Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bridge Bancorp, Inc.	BDGE	Buy	\$26.22	\$29.00	\$305
ConnectOne Bancorp, Inc.	CNOB	Buy	\$18.70	\$24.00	\$555
FCB Financial Holdings, Inc.	FCB	Neutral	\$24.50	NA	\$1,042
First Financial Bancorp.	FFBC	Neutral	\$18.00	NA	\$1,105
First Midwest Bancorp, Inc.	FMBI	Buy	\$16.91	\$20.00	\$1,273
Independent Bank Corp.	INDB	Buy	\$41.45	\$43.00	\$993
OFG Bancorp	OFG	Buy	\$16.13	\$19.00	\$721
S&T Bancorp Inc.	STBA	Neutral	\$29.12	NA	\$868
Seacoast Banking Corp. of Florida	SBCF	Buy	\$13.24	\$14.50	\$439
United Community Banks Inc.	UCBI	Neutral	\$18.20	NA	\$1,097
Washington Trust Bancorp Inc.	WASH	Neutral	\$38.34	NA	\$641
WesBanco, Inc.	WSBC	Neutral	\$34.34	NA	\$1,006

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
First BanCorp	FBP	Buy	\$5.62	\$6.00	\$1,197
Old National Bancorp	ONB	Neutral	\$14.64	NA	\$1,721
Popular, Inc.	BPOP	Buy	\$31.97	\$39.00	\$3,308
United Bancshares Inc.	UBSI	Neutral	\$36.20	NA	\$2,505

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Community Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Citizens Financial Group, Inc.	CFG	Buy	\$24.56	\$27.50	\$13,402
Community Bank System Inc.	CBU	Neutral	\$37.31	NA	\$1,515
Flushing Financial Corp.	FFIC	Buy	\$19.87	\$22.00	\$589
NBT Bancorp Inc.	NBTB	Neutral	\$25.68	NA	\$1,123
Sterling Bancorp	STL	Buy	\$13.86	\$15.00	\$1,163

Payments & Credit Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
MasterCard Incorporated	MA	Buy	\$84.73	\$97.00	\$97,993
Visa Inc.	V	Buy	\$259.08	\$270.00	\$160,248

Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Astoria Financial Corporation	AF	Buy	\$13.04	\$14.50	\$1,301
BankUnited, Inc.	BKU	Neutral	\$28.31	NA	\$2,878
C Comerica Inc.	CMA	Buy	\$45.00	\$53.00	\$8,086
Fifth Third Bancorp	FITB	Buy	\$19.60	\$23.00	\$16,151
First Niagara Financial Corporation	FNFG	Neutral	\$8.34	NA	\$2,964
Fulton Financial Corp.	FULT	Neutral	\$12.24	NA	\$2,268
Huntington Bancshares Inc.	HBAN	Neutral	\$10.19	NA	\$8,299
Investors Bancorp, Inc.	ISBC	Neutral	\$11.01	NA	\$3,932
KeyCorp	KEY	Buy	\$13.43	\$16.00	\$11,635
M&T Bank	MTB	Neutral	\$121.86	NA	\$16,099
New York Community Bancorp	NYCB	Neutral	\$15.74	NA	\$6,967
People's United Financial	PBCT	Neutral	\$14.83	NA	\$4,567
Signature Bank	SBNY	Buy	\$121.15	\$140.00	\$6,096
Susquehanna Bancshares	SUSQ	Neutral	\$13.16	NA	\$2,386
Valley National Bancorp	VLN	Neutral	\$9.69	NA	\$2,243
Webster Financial Corp.	WBS	Buy	\$31.89	\$35.00	\$2,878
Zions Bancorp	ZION	Neutral	\$27.45	NA	\$5,570

FINANCIAL SERVICES: BANKS

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Payments & Credit Services	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
American Express Company	AXP	Buy	\$90.44	\$109.00	\$93,576
Discover Financial Services	DFS	Buy	\$62.42	\$72.00	\$28,306
Super Regional Banks	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
BB&T Corporation	BBT	Neutral	\$37.52	NA	\$27,026
Capital One Financial	COF	Buy	\$79.61	\$95.00	\$44,261
CIT Group Inc.	CIT	Buy	\$46.51	\$55.00	\$8,510
First Horizon National Corp.	FHN	Buy	\$13.25	\$16.00	\$3,117
PNC Financial Services	PNC	Neutral	\$89.44	NA	\$47,064
Regions Financial Corp.	RF	Neutral	\$10.22	NA	\$14,068
SunTrust Banks	STI	Neutral	\$40.55	NA	\$21,145
U.S. Bancorp	USB	Neutral	\$43.92	NA	\$78,590
Wells Fargo & Company	WFC	Neutral	\$53.79	NA	\$279,042
Universal Banks & Brokers	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Bank of America Corporation	BAC	Buy	\$17.26	\$20.00	\$181,514
Citigroup Inc.	C	Neutral	\$52.45	NA	\$158,897
Goldman Sachs Group, Inc.	GS	Buy	\$185.03	\$215.00	\$83,299
JPMorgan Chase & Co.	JPM	Neutral	\$59.77	NA	\$223,432
Morgan Stanley	MS	Buy	\$36.73	\$42.00	\$71,895

HEALTHCARE

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Biopharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AbbVie Inc.	ABBV	Neutral	\$66.57	NA	\$106,076
Bristol-Myers Squibb Company	BMJ	Neutral	\$59.19	NA	\$98,183
Eli Lilly and Company	LLY	Buy	\$70.28	\$80.00	\$78,252
Johnson & Johnson	JNJ	Neutral	\$104.07	NA	\$291,303
Kite Pharma, Inc.	KITE	Buy	\$52.87	\$73.00	\$2,212
Merck & Co. Inc.	MRK	Neutral	\$57.63	NA	\$164,296
Regeneron Pharmaceuticals, Inc.	REGN	Buy	\$410.99	\$432.00	\$41,783
Tesaro, Inc.	TSRO	Buy	\$36.78	\$46.00	\$1,326
Vertex Pharmaceuticals Incorporated	VRTX	Buy	\$111.85	\$147.00	\$26,902

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Biotechnology	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Alexion Pharmaceuticals	ALXN	Buy	\$182.08	\$225.00	\$36,104
Amgen Inc.	AMGN	Neutral	\$163.48	NA	\$124,354
Ariad Pharmaceuticals, Inc.	ARIA	Neutral	\$6.36	NA	\$1,191
Biogen Idec Inc.	BIIB	Neutral	\$332.89	NA	\$78,614
Biota Pharmaceuticals, Inc.	BOTA	Neutral	\$2.43	NA	\$85
Celldex Therapeutics, Inc.	CLDX	Buy	\$18.11	\$30.00	\$1,622
Celgene Corporation	CELG	Buy	\$112.82	\$133.00	\$90,110
Gilead Sciences, Inc.	GILD	Buy	\$102.40	\$131.00	\$154,487
Five Prime Therapeutics, Inc.	FPRX	Buy	\$22.42	\$24.00	\$483
ImmunoGen, Inc.	IMGN	Neutral	\$10.73	NA	\$922
Incyte Corporation	INCY	Buy	\$75.58	\$85.00	\$12,769
Intra-Cellular Therapies, Inc.	ITCI	Buy	\$16.88	\$24.00	\$496
Merrimack Pharmaceuticals, Inc.	MACK	Buy	\$10.29	\$13.00	\$1,090
Seattle Genetics, Inc.	SGEN	Neutral	\$32.14	NA	\$3,982
TetraLogic Pharmaceuticals	TLOG	Buy	\$4.30	\$10.00	\$96
United Therapeutics Corporation	UTHR	Neutral	\$127.50	NA	\$6,057
Verastem, Inc.	VSTM	Buy	\$8.34	\$20.00	\$216

HEALTHCARE

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Specialty Pharmaceuticals	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
AcelRX Pharmaceuticals, Inc.	ACRX	Buy	\$6.13	\$15.00	\$268
Actavis, Inc.	ACT	Buy	\$260.90	\$285.00	\$69,154
Akorn, Inc.	AKRX	Buy	\$38.16	\$50.00	\$4,115
Allergan Inc.	AGN	Neutral	\$208.03	NA	\$61,972
ANI Pharmaceuticals, Inc.	ANIP	Buy	\$56.13	\$65.00	\$636
Antares Pharma Inc.	ATRS	Buy	\$2.54	\$6.00	\$334
Dermira, Inc.	DERM	Buy	\$21.30	\$22.00	\$524
Endo International plc	ENDP	Buy	\$69.59	\$80.00	\$10,697
Horizon Pharma, Inc.	HZNP	Buy	\$13.21	\$31.00	\$1,570
Hospira Inc.	HSP	Buy	\$60.25	\$65.00	\$10,194
Impax Laboratories Inc.	IPXL	Buy	\$29.93	\$40.00	\$2,132
Jazz Pharmaceuticals plc	JAZZ	Buy	\$166.40	\$210.00	\$10,066
Kindred Biosciences, Inc.	KIN	Buy	\$6.79	\$31.00	\$134
Mallinckrodt plc	MNK	Buy	\$92.92	\$115.00	\$10,805
Mylan, Inc.	MYL	Neutral	\$55.26	NA	\$20,680
Neotherics Inc.	NEOT	Buy	SEK 7.10	SEK 16.00	SEK 97
Orexo AB	ORX.SS	Buy	SEK 119.00	SEK 205.00	SEK 4,087
Pernix Therapeutics Holdings, Inc.	PTX	Neutral	\$9.76	NA	\$374
Perrigo Co.	PRGO	Buy	\$159.15	\$195.00	\$22,405
Phibro Animal Health Corporation	PAHC	Buy	\$29.76	\$35.00	\$1,159
Sagent Pharmaceuticals, Inc.	SGNT	Neutral	\$24.04	NA	\$767
Tetraphase Pharmaceuticals, Inc.	TTPH	Buy	\$33.19	\$45.00	\$1,018
Teva Pharmaceutical Industries Limited	TEVA	Neutral	\$55.75	NA	\$47,666
The Medicines Company	MDCO	Buy	\$26.72	\$42.00	\$1,748
Valeant Pharmaceuticals International, Inc.	VRX	Buy	\$140.00	\$178.00	\$46,700
Zoetis Inc.	ZTS	Buy	\$41.13	\$55.00	\$20,619

RETAIL & CONSUMER

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Retail & Consumer	Ticker	Rating	Current Price	Price Target	Market Cap (\$M)
Costco Wholesale Corporation	COST	Neutral	\$139.33	NA	\$61,375
CVS Caremark Corporation	CVS	Buy	\$94.17	\$110.00	\$107,955
Dollar General	DG	Buy	\$71.02	\$66.00	\$21,549
Fairway Group Holdings Corp.	FWM	Neutral	\$2.89	NA	\$126
Family Dollar	FDO	Buy	\$79.25	\$70.00	\$9,062
Five Below, Inc.	FIVE	Buy	\$39.80	\$57.00	\$2,164
Rite Aid Corporation	RAD	Buy	\$6.06	\$7.50	\$5,947
Safeway Inc.	SWY	Neutral	\$34.74	NA	\$8,008
Smart and Final Stores, Inc.	SFS	Buy	\$15.85	\$17.00	\$1,158
Sprouts Farmers Market, Inc.	SFM	Neutral	\$31.93	NA	\$4,830
SuperValu Inc.	SVU	Neutral	\$9.32	NA	\$2,434
Sysco Corp.	SYU	Neutral	\$40.12	NA	\$23,586
The Container Store Group, Inc.	TCS	Neutral	\$19.69	NA	\$945
The Kroger Co.	KR	Buy	\$62.46	\$60.00	\$30,688
The Michaels Companies, Inc.	MIK	Buy	\$23.59	\$25.00	\$4,819
Walgreen Co.	WAG	Buy	\$71.99	\$70.00	\$68,066
Whole Foods Market Inc.	WFM	Neutral	\$48.56	NA	\$17,468

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	\$60.10	\$71.00	\$4,334
Cablevision Systems Corporation	CVC	Buy	\$19.85	\$24.00	\$5,432
CBS Corporation	CBS	Buy	\$53.30	\$64.00	\$27,645
Charter Communications, Inc.	CHTR	NR	\$162.25	NA	\$17,729
Comcast Corporation	CMCSA	NR	\$55.34	NA	\$142,423
Comcast Corporation	CMCSK	NR	\$55.01	NA	\$142,423
DIRECTV	DTV	Neutral	\$83.21	NA	\$41,791
Discovery Communications, Inc.	DISCA	Neutral	\$34.22	NA	\$23,138
Discovery Communications, Inc.	DISCK	Neutral	\$33.52	NA	\$23,138
Dish Network Corp.	DISH	Neutral	\$69.72	NA	\$32,135
News Corporation	NWSA	Neutral	\$14.89	NA	\$8,534
Scripps Networks Interactive, Inc.	SNI	Neutral	\$77.85	NA	\$10,674
The Madison Square Garden Company	MSG	Buy	\$71.44	\$85.00	\$5,540
The Walt Disney Company	DIS	Neutral	\$91.38	NA	\$154,954
Time Warner Cable Inc.	TWC	NR	\$144.04	NA	\$40,402
Time Warner Inc.	TWX	Buy	\$82.28	\$88.00	\$68,991
Townsquare Media, Inc.	TSQ	Buy	\$12.77	\$14.00	\$222
Twenty-First Century Fox, Inc.	FOXA	Buy	\$37.23	\$39.00	\$79,127
Viacom, Inc.	VIAB	Neutral	\$73.57	NA	\$30,206

Source: Guggenheim Securities, LLC, Bloomberg

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

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

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			Count	Percent
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Neutral	86	48.04%	3	3.49%
Sell	0	0.00%	0	0.00%

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