CANTOR Fitzgerald

Initiation of Coverage
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SPECIALTY PHARMACEUTICALS

Equity Research

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Eagle Pharmaceuticals Inc. (EGRX-$14.92)

Rating: BUY

Target Price: $21.00

Eagle Eyes Attractive Hospital Opportunities; Initiating With a BUY Rating and $21 PT

REV	1Q	2Q	3Q	4Q
2013A	1.5A	0.0A	0.0A	0.0A
2014E	5.5A	4.8E	1.7E	1.1E
2015E	—	—	—	—

EPS	1Q	2Q	3Q	4Q
2013A	(1.09)A	0.00A	0.00A	0.00A
2014E	(1.44)A	(0.16)E	(0.30)E	(0.48)E
2015E	—	—	—	—

FY	2013A	2014E	2015E
REV	13.7A	13.0E	5.8E
P/S	15.2x	16.0x	35.8x
EPS	(0.51)A	(1.56)E	(1.78)E
P/E	(29.3)x	(9.6)x	(8.4)x

- **We initiate coverage of Eagle Pharmaceuticals with a BUY rating and $21 price target:** Eagle is a small, hospital-focused specialty pharma company that plans to leverage the classic "spec pharm" low-risk drug reformulation strategy to create innovative injectable products that address the unmet needs of its hospital customers. We like the company's focus on an attractive segment within the hospital market. We also appreciate Eagle's low operating costs (due to its small commercial organization that targets hospital decision makers) and do not expect it to require additional capital to attain profitability (expected in 2016). As Eagle builds its pipeline and becomes more entrenched, we think the company could become more appealing to acquirers.
- **Outlining the company's strategy:** Eagle has a portfolio of "value-add" pipeline products that are pending market entry in 2015-2017 along with a declining marketed asset (reformulated argatroban) that served as the "proof-of-concept" to its business model. The company has acquired a number of patents on drug reformulations that it expects to be widely adopted in the hospital setting since they offer cost-efficiencies and additional convenience to familiar products already in use. A critical element of the company's strategy is to enter the market ahead of generics, which would allow Eagle to capture significant market share prior to price deterioration.
- **We focus on three near-term Eagle brands that we believe will serve as both revenue drivers and catalysts to the story:** (1) A rapid infusion ready-to-dilute (RTD) form of Teva's Treanda, a blood cancer drug that we expect to enter the market in 2016; (2) Ryanodex, a reformulated orphan drug for reviving malignant hyperthermia patients in the operating room, which we think can attain >$20M in annual sales and enter in early 2015; and (3) a ready-to-use (RTU) form of Angiomax, an injectable anticoagulant that is currently marketed by The Medicines Company, which is expected to launch in 2017 (1.5 years before generics).
- **Valuation and risks:** We value EGRX via DCF over the 2014-2020 period. We utilize a 13% WACC to account for litigation risk and uncertainty surrounding market entry of generics along with a 1% terminal growth rate. This method generates a $21 PT. We excluded additional potential upside from international partnerships, an early-stage program in a blockbuster cancer agent, and the development of a first-in-class emergency-use compound, and therefore we believe that our estimates are conservative. Key risks to the story include patent litigation, earlier-than-expected generic entries, clinical development risk, and risks associated with selling in the hospital environment.

Current Statistics

Market Cap ($Mil)	**$207.7**	**Float Shares (Mil):**	**14.400**
Avg. Daily Trading Volume (3 mo.):	**NA**		
Shares Out (Mil):	**13.919**		

The Disclosure Section may be found on pages 29 - 31.

We initiate coverage of Eagle Pharmaceuticals with a BUY rating and $21 price target.

Summary

- **We initiate coverage of Eagle Pharmaceuticals with a BUY rating and $21 price target:** Eagle is a small, hospital-focused specialty pharma company that plans to leverage the classic "spec pharm" low-risk drug reformulation strategy to create innovative injectable products that address the unmet needs of its hospital customers. We like the company's focus on an attractive segment within the hospital market. We also appreciate Eagle's low operating costs (which are attributable in part to its small commercial organization that will target hospital decision makers such as pharmacists rather than physicians and nurses). We believe that the business is adequately capitalized following its recent IPO and expect profitability in 2016. As Eagle builds its pipeline and becomes more entrenched, we think that the company could become more appealing to acquirers such as Mylan and Endo Health Solutions, companies which are both looking for tuck-in deals in high-value generic segments such as injectables.

- **Outlining the company's strategy:** Eagle has a portfolio of "value-add" pipeline products that are pending market entry in 2015-2017 (Ryanodex, Treanda RTD, and Angiomax ready-to-use (RTU), respectively) along with its small infusion bag of argatroban, a declining marketed asset that served as the "proof-of-concept" to its business model. Eagle pursues the 505(b)(2) regulatory pathway to develop novel injectable products targeting the hospital market that represent improvements to existing brands. The company has acquired a number of patents on drug reformulations that it expects to be widely adopted in the hospital setting since they offer cost-efficiencies and additional convenience to familiar products already in use. A critical element of the company's strategy is to enter the market ahead of generics, which would allow Eagle to capture significant market share prior to price deterioration.

- **We focus on three near-term Eagle brands that we believe will serve as both revenue drivers and catalysts to the story:** (1) A rapid infusion ready-to-dilute (RTD) form of Teva's Treanda, a blood cancer drug that we expect to enter the market in 2016; (2) Ryanodex, a reformulated orphan drug for reviving malignant hyperthermia patients in the operating room that we think can attain >$20M in annual sales and enter in early 2015; and (3) an RTU form of Angiomax, an injectable anticoagulant that is currently marketed by The Medicines Company that is expected to launch in 2017.

- **Valuation and risks:** We value EGRX via DCF over the 2014-2020 period. We utilize a 13% WACC to account for litigation risk and uncertainty surrounding market entry of generics along with a 1% terminal growth rate. This method generates a $21 price target. Key risks to the story include patent litigation, earlier-than-expected generic entries, clinical development risk, and risks associated with selling in the hospital environment. We excluded additional potential upside from international partnerships, an early-stage program in a $1.2 billion cancer agent (an RTD form of Lilly's Alimta that can launch in 2017) and Ryanodex for exertional heat stroke (to be carried by first responder emergency personnel and the military), which are both in early phases of development and carry higher clinical risk, and therefore we believe that our estimates are conservative. We would expect these programs to serve as additional catalysts to the stock.

Company History

Eagle Pharmaceuticals is a specialty pharmaceutical company founded in January 2007 focused on developing and commercializing injectable products by utilizing the 505(b)(2) pathway. Eagle was incorporated in Delaware and is currently based in Woodcliff Lake, NJ. Eagle previously issued preferred stock in 2007, 2008, 2011, and 2013 to finance its operations, and these preferred shares have all converted to common stock following the company's initial public offering. The company held its IPO on February 12, 2014, offering 3,350,000 shares of common stock for $15.00/share. We also assume that the 502,000 share overallotment issued to underwriters should have been filled.

Eagle began to accumulate its patent estate in June 2007 for the products it is currently developing and commercializing. We summarize the company's patent acquisition history in Exhibit 1.

Exhibit 1: Eagle Patent Acquisition History

Company	Date	Product Patents	Details
SciDose	Jun-07	Argatroban, bivalirudin, two pipeline products	Exclusive sublicensable, worldwide right to develop and sell all formulations of products; no further milestone payments; royalty payments based on gross profit of sales in the range of 45-55% for products commercialized on the basis of the 505(b)(2) pathway and 20-30% on products commercialized via the ANDA pathway for 10 years after commercialization of product or until expiration of the last valid claim, whichever is later; if license products, expected to pay 100% milestone payments outside of the U.S. and 45-55% of milestone payments in U.S.
Robert One, LLC	Mar-08	Bendamustine, four pipeline products	Exclusive, sublicensable right to develop and sell products; royalty payments based on gross profit sales in the range of 5-15% for bendamustine products and 45-55% for other products that are commercialized based on 505 (b)(2) application and 20-30% for products commercialized on the basis of the ANDA application for 10 years after commercialization of product or until expiration of the last valid claim, whichever is later
Robert One, LLC	Feb-09	Pemetrexed, four pipeline products	Exclusive, sublicensable right to develop and sell products; no further milestone payments; royalty payments based on gross profit sales in the range of 45-55% for other products that are commercialized based on 505(b)(2) application and 20-30% for products commercialized on the basis of the ANDA application for 10 years after commercialization of product or until expiration of the last valid claim, whichever is later; if license products, expected to pay 100% milestone payments outside of the US and 45-55% of milestone payments in US

Source: Cantor Fitzgerald research and company reports, registration statement
bivalirudin=Angiomax; Bendamustine=Treanda; Pemetrexed=Alimta

Eagle's current business model has been validated by its development and commercialization of a novel formulation of GSK's Argatroban:

Eagle's proprietary ready-to-use version of GSK's argatroban was FDA approved in June 2011 and initially entered the market in September 2011 via co-promote partner, The Medicines Company. This product experienced a supply disruption of several months in early 2012, and its sales were also adversely impacted by an unrelated dispute over a novel formulation of Angiomax with The Medicines Company. Eagle subsequently licensed the authorized generic of its argatroban to Sandoz who launched it in February 2013 using minimal sales support in the hospital channel. According to data provided by Source Healthcare Analytics, this authorized generic has captured approximately 35% of the argatroban market as of January 2014. The rapid uptake of this reformulated argatroban illustrates the opportunity for innovative "value-add" products to capture significant market share in the hospital channel.

Eagle's argatroban allows for 30% lower waste reduction since the average patient receives only 150-200 mg of drug from GSK's 250 mL bag that contains 250 mg of product and hospitals can now use Eagle's smaller 50 mg/50 mL bags to administer the medication and eliminate waste associated with the larger bags. Eagle management believes that its argatroban proved successful due to the combination of its cost efficiency to the hospital, promotional effort provided by Sandoz, and its timing of market entry ahead of generics. The company plans to replicate the success of the argatroban pathway by promoting its pipeline of novel, value-added injectable formulations, which we expect should lead to company profitability in 2016.

Industry Overview

A number of companies with generic portfolios have noted the attractiveness of the injectables business. Furthermore, both Mylan and Endo Health Solutions have publicly stated that they are looking to make acquisitions. We think that Eagle could be particularly attractive to Mylan once its Ryanodex program in exertional heat stroke advances due to potential synergies with Mylan's EpiPen.

Eagle will be competing with a number of generic and branded manufacturers focused on the hospital market. We summarize relevant industry comparable companies in Exhibit 2.

Exhibit 2: Eagle Comparables Table

Company	Ticker	Price as of 3/6/14	Market Cap. (mil)	52-Week High	52-Week Low	2014E EPS	P/E 2014E	2014E EBITDA	2013 Per Share Cash	EV (mil)
Teva Pharmaceutical Industries	TEVA	$49.82	$42,318	$51.41	$36.26	$4.47	11.1	5,936	$1.13	$53,512
Actavis	ACT	$213.95	$37,270	$230.77	$86.46	$13.07	16.4	3,273	$1.90	$43,212
Mylan, Inc.	MYL	$54.54	$20,284	$57.52	$27.66	$3.46	15.8	2,302	$1.13	$27,908
Impax Laboratories, Inc.	IPXL	$27.27	$1,902	$27.91	$15.05	$0.73	37.5	108	$5.92	$1,465
Hospira, Inc.	HSP	$43.53	$7,246	$45.24	$29.44	$2.13	20.5	749	$4.79	$8,436
Sagent Pharmaceuticals, Inc.	SGNT	$22.14	$703	$26.08	$15.71	$0.01	2,214.0	10	$4.91	$566
Medicines Company	MDCO	$29.85	$1,931	$41.28	$28.00	($0.13)	NA	5	$5.82	$1,702
Cubist Pharmaceuticals, Inc.	CBST	$77.43	$5,792	$82.12	$44.25	$1.72	45.0	133	$7.73	$6,031
Cadence Pharmaceuticals, Inc.	CADX	$14.01	$1,249	$14.24	$4.74	$0.09	161.6	20	$0.65	$1,224
Cumberland Pharmaceuticals Inc.	CPIX	$4.74	$85	$5.85	$4.33	NA	NA	NA	$3.03	$25
Trevena, Inc.	TRVN	$9.25	$238	$9.95	$6.35	NA	NA	(39)	$1.86	$190
Mean		$49.68	$10,820	$53.85	$27.11	$2.84	20.9	1,565	$3.54	$13,115

Source: FactSet and Cantor Fitzgerald research

Eagle's business is impacted by several industry-wide FDA regulatory pathways along with government reimbursement dynamics.

Positive: The 505(b)(2) approval pathway currently allows for faster market entry than generics.

The 505(b)(2) NDA application (which lowers clinical risk) can be submitted to the FDA for products that are new formulations of currently existing/approved drugs (i.e., change in dosage form, dosing regimen, etc.). This application process allows the applicant to rely largely on safety and efficacy data from previously conducted studies for the drug, and requires fewer studies to gain FDA approval than the large data set necessary to support a new drug application (NDA). This pathway is associated with lower costs than a traditional NDA. Further, this pathway currently allows the company to enter the market more rapidly than generics, which are averaging over 30 months for approval/review cycles due to the backlog of ANDAs at the Office for Generic Drugs. In contrast, the FDA review cycle should only take 10-12 months for a product submitted via the 505(b)(2) pathway. We view this advantage as temporary since the Generic Drug User Fee Amendments (GDUFA) enacted recently by FDA should shorten the ANDA review cycles to a comparable time frame, and process the existing ANDA backlog by 2017.

Another advantage of the 505(b)(2) regulatory pathway is that it allows filers to obtain three or five years of market exclusivity, along with orphan drug or pediatric exclusivity. Furthermore, 505(b)(2) products are not prevented from entering the market ahead of "first filer" generics who won 180-day exclusivity since they are effectively treated as new branded drugs.

Neutral: However, 505(b)(2) filers may be subject to the same patent litigation pathway as generic manufacturers, which could delay market entry.

Like ANDA filers, companies submitting 505(b)(2) applications may be required to challenge unexpired branded drug patents still listed in the Orange Book. This patent litigation process typically proceeds concurrently with the regulatory application process and could be a bottle neck to market entry since 505(b)(2) applications are also subject to a 30-month stay. In Eagle's case, we believe that the company would not need to invalidate branded patents but instead to demonstrate that its technology does not infringe on existing patent estate (a lower burden of evidence, in our view).

Negative: The Generic Drug User Fee Amendments (GDUFA) aims to shorten the regulatory review cycles for generic products, which we expect to negatively impact Eagle's business longer-term.

The GDUFA were enacted into law on July 9, 2012 with the goal of accelerating the approval process for generic drugs and clearing up the substantial backlog of generic applications requiring review.[12] The FDA implemented this new program in order to address concerns regarding the current system for approvals, defined in the Hatch-Waxman Act of 1984. The Hatch-Waxman Act required industry applicants to submit an ANDA (Abbreviated New Drug Application) containing data demonstrating that a generic drug is comparable to the respective branded product. As the volume of new generic drug applications has nearly tripled over the past 13 years, the resources of the FDA have not grown at a similar pace, leading to a substantial backlog in applications and a median review time for a new human generic drug application of 31 months.

As a result of the 2012 GDUFA legislation (favored by generic manufacturers), the FDA has added significant headcount and streamlined its review processes to be able to shorten ANDA review cycles to 10 months by 2017. Specifically, the FDA aims to review 60% of original ANDA submissions in 15 months by FY:2015 and 90% within 10 months by FY:2017. GDUFA also committed the FDA to

[1] "FY2013 Performance report to the President and Congress for the Generic Drug User Fee Ammendments." Retrieved from:
http://www.fda.gov/ForIndustry/UserFees/GenericDrugUserFees/ucm384517.htm
[2] "Generic Drug User Fee Ammendments of 2012 Presentation." Retrieved from:
http://www.fda.gov/downloads/ForIndustry/UserFees/GenericDrugUserFees/UCM296451.pdf

clear its backlog and requires the agency to review and act on 90% of submissions that were pending at program launch in October 2012 by the end of 2017. The FDA recently reported that 2,867 original ANDA applications were in the backlog in 2013, and that 30% of these applications have been acted on. We estimate that the 2014 backlog now represents approximately 2,442 ANDAs (425 ANDAs from the 2013 backlog have been approved).[3] At the same time, FDA received 992 original ANDAs in 2013, which have not been touched (but 71 of these have been deemed "refuse-to-receive" applications).

Negative: Eagle may also be hindered from market entry by unexpired orphan drug exclusivity status of its targets.

An "orphan drug" is defined as a drug that treats a rare disease affecting fewer than 200,000 people in the United States. Congress passed the Orphan Drug Act in 1983 in order to stimulate research in areas that may not otherwise be economically viable. The act stipulates that sponsors of orphan drugs are granted seven years of marketing exclusivity after approval of an orphan drug product and sponsors are also given tax incentives for the clinical research conducted along with a waiver of PDUFA fees.

Once FDA issues orphan drug exclusivity to a particular product and sponsor, it is barred from approving the same chemical entity for the same disorder from a different company unless the second drug is chemically or structurally "different" from an approved orphan drug or can demonstrate clinical superiority (defined by greater efficacy, safety, or major contribution to patient care). FDA closely reviews each challenge to an orphan drug exclusivity on a case-by-case basis and incorporates considerations for improvements, such as patient convenience and comfort, ease of administration, and less frequent dosing, before approving a second product prior to the expiration of an existing orphan drug exclusivity.[4] The FDA website states that "a claim that a proposed orphan product may be clinically superior to an approved orphan product by a measure of major contribution to patient care is intended to constitute a narrow category and its use is not intended to open the flood gates to FDA approval for every drug in which a minor convenience over and above that attributed to an already approved drug can be demonstrated." Furthermore, FDA does not incorporate cost of therapy into its considerations.[5] Historically, FDA has only granted a very small number of exceptions on this issue.

Importantly, Eagle management believes that its product enhancements could be used to overturn standing orphan drug exclusivity of drugs like Treanda. While it is possible that there may be a very narrow loophole that the company can exploit to demonstrate that its rapid infusion Treanda product is somehow structurally different from Teva's liquid formulation, we don't think that the company has compiled any clinical superiority data and its additional convenience/cost-efficiency benefits may be insufficient to overturn Teva's exclusivity. We therefore anticipate that standing orphan drug exclusivities could be a barrier to entry for Eagle's visible 505(b)(2) products such as Treanda RTD, which may be barred from the market until September 2015, in our view.

Neutral: Eagle's injectable products are subject to J-code reimbursement from CMS.

A J-code is a type of reimbursement code utilized by the Centers of Medicare and Medicaid Services (CMS) to cover injectable products that cannot be self-administered. Eagle management indicated that its products, such as Treanda, would be reimbursed according to pre-existing J-codes for the branded products and that generic entry (and price competition) would lead to deterioration of pricing within a

[3] Office of Generic Drugs Director's Update. "Life with GDUFA," October 30, 2013. Retrieved from: http://www.fda.gov/downloads/AboutFDA/CentersOffices/OfficeofMedicalProductsandTobacco/CDER/UCM373306.pdf

[4] Karst, Kurt. "The Unusual Case of the "MC-toPC" Orphan Drug Designation/ Approval," January 6, 2009. Retrieved from: http://www.fdalawblog.net/fda_law_blog_hyman_phelps/2009/01/the-unusual-case-of-the-mctopc-orphan-drug-designationapproval-.html

[5] http://www.fda.gov/forindustry/developingproductsforrarediseasesconditions/howtoapplyfororphanproductdesignation/ucm240819.htm

particular J-code, which would be updated based on a weighted average of prices of all of the brands/generics for a particular drug. For this reason, we think that Eagle's pricing for its innovative products will be married to generic pricing for older forms of the branded medications, leading to automatic pricing declines when generics enter the market. We think there is a small chance that Eagle can win its own unique J-code, which would protect its Treanda RTD pricing from the price deterioration associated with generics but we are not factoring this in to our estimates at this time.

Company Overview

The company's strategy has been clearly articulated:

Eagle Pharmaceuticals focuses on a niche strategy of developing "value-add" injectable or infused products for the hospital market. It reformulates and improves existing drugs that are delivered via injection or IV infusion in a hospital setting, which is an attractive space, as described below. Eagle aims to produce easier-to-use, cost effective products that help hospitals improve patient care, reduce waste and improve operating margins. It plans to utilize the 505(b)(2) pathway to get these new, improved products into the hospital market, take significant market share from the brands ahead of generic entry and then maintain this market share upon generic launch by parity pricing (thus preserving a long revenue tail after generic entry and price deterioration). We expect an ongoing stream of catalysts to keep the stock exciting and summarize upcoming events in Exhibit 3.

Exhibit 3: Upcoming Events and Milestones

Date	Milestone/Event
2014	
1Q:2014	Results from The Medicines Company's Hospira Angiomax generics trial
1H:2014	Results from Eli Lilly's Alimta generics trial
Jul-6-14	PDUFA date for Treanda RTD
Jul-14	Argatroban generic products entry
4Q:2014	Expected FDA approval for Ryanodex for malignant hyperthermia (MH)
2015	
1Q:2015	Expected launch for Ryanodex for MH
Sep-15	Orphan Drug Exclusivity expiring on Treanda
Dec-15	End of 30 month stay on Treanda lyophilized powder generics
2016	
Mar-16	End of 30 month stay on Eagle's Treanda RTD
2016	Treanda RTD Short Infusion PDUFA and product launch
2017	
2017	Eagle's Alimta RTD formulation launch
2017	Eagle's Angiomax formulation launch
Jan-17	Alimta generics enter market if trial declared patents non-infringed
2017	Dantrolene for Exertional Heat Stroke product launch

Source: Cantor Fitzgerald research and company reports

There are numerous positives of Eagle's strategic focus on hospital injectables:

(1) The Centers for Medicare and Medicaid Services (CMS) still reimburses for certain drugs and biologics provided by hospitals in outpatient settings (such as oncology infusion centers) using and "average selling price (ASP) +6%" rate within each J-code. We believe that this coverage allows hospitals to continue utilizing expensive, branded medications which are actually a source of profit. Eagle can therefore introduce improved, branded medications in

this space without encountering significant price sensitivity from the hospital decision makers.

(2) To create generic versions of parenteral medications, generic manufacturers must demonstrate that their ANDA products are qualitatively and quantitatively identical to the reference listed drug. This regulatory requirement makes it harder for generic manufacturers to avoid infringing branded patents and therefore creates a less competitive space for Eagle to develop its 505(b)(2) products, which can gain market entry ahead of generics.

(3) Hospitals are highly cost conscious and Eagle's products address this cost-sensitivity by creating products that are already in wide use, take less time to prepare or are less wasteful. Furthermore, Eagle is willing to undercut the price of existing branded products, which makes its offerings even more attractive to hospitals.

(4) Eagle can promote its products in the hospital using a small, focused sales force that targets hospital pharmacists and decision makers. In many cases, its products may not require the full Pharmacy and Therapeutics (P&T) committee review that hospitals employ prior to purchasing novel products since the underlying brands are already on the formulary. Therefore, we don't expect Eagle to be burdened by high SG&A expenses and expect a more rapid uptake of Eagle's products relative to novel therapeutics entering the hospital market.

(5) If Eagle succeeds in entering the market ahead of generics then it can capture a significant share of the branded market by discounting its product to hospitals relative to the entrenched brand. Later, once generics enter and pricing deteriorates, Eagle can price its offerings at parity to the generics while holding on to its market share (since its offering is likely more innovative and useful to hospitals than a less cost efficient generic copy of an older branded medication). For this reason, we believe that Eagle will be able to create a long revenue tail behind each of its new launches over time which should build up a solid revenue base for the company.

(6) If Eagle can create demand amongst its hospital customers for its novel formulations of existing products, it should also encounter minimal resistance from group purchasing organizations (GPOs) who service significant customer segments. We spoke with a former executive from one of the largest U.S. GPOs and learned that hospitals prefer ready-to-use products over ones that require preparation; and that a time-saving innovation can rapidly pick up significant market share in this channel (as seen with argatroban). Since GPOs exist to service their customers (the hospitals), we learned that they would be willing to carry products introduced even by very small companies as long as there was demand and pull-through from their customer base. GPOs may also distribute Eagle's products under their own private labels, which could drive significant volume amongst customers.

Eagle Pharmaceuticals has a growing portfolio of products, which includes marketed argatroban and six products in late-stage development. The most critical near-term products for the company include its novel formulations of Teva's Treanda, Ryanodex, an improved version of generic dantrolene, and a reformulated version of The Medicines Company's Angiomax, which we describe in more detail below.

Exhibit 4: Summary of Eagle's Products

Product	US Branded Reference Drug	Manufacturer	Description	Indication	Innovation	2013 U.S. Branded Sales	Status
Approved products							
EP-1101	Argatroban	The Medicines Company/ Sandoz/ GlaxoSmithKline/ West-Ward	Anti-coagulant; thrombin inhibitor	Heparin-induced thrombocytopenia	Ready to use, less waste	$113.8 million	Approved (U.S.); marketed by The Medicines Company and Sandoz
Products Pending Approval							
EP-3101/EP-3102	Treanda	Teva	Chemotherapeutic agent	Chronic lymphocytic leukemia; Indolent non-Hodgkin's lymphoma	Ready to dilute, extended stability; 2nd generation product includes shorter infusion time, lower fluid volume	$709 million*	NDA Submitted for first generation product, in pivotal clinical trials for 2nd generation
Ryanodex	Dantrium/ Revonto	JHP Pharmaceuticals/ US Worldmeds	Muscle Relaxant	Malignant hyperthermia/ Exertional heat stroke	Lower fluid volume, shorter administration time	$20 million	NDA submitted 1Q:2014
EP-6101	Angiomax	The Medicines Company	Anti-coagulant; thrombin inhibitor	Percutaneous transluminal angioplasty	Ready to use	$550 million	NDA submission expect by 2Q:2015
EP-5101	Alimta	Eli Lilly	Chemotherapeutic agent	Lung cancer; mesothelioma	Ready to dilute, extended stability	$1.2 billion	Formulation work complete

*Source: Cantor Fitzgerald research, company reports, registration statement, Source Health Analytics, *Global 2013 sales*

Eagle has two Treanda formulations in development, but we only expect the company to launch the second, short infusion product due to timing of litigation.

Eagle is developing two novel formulations of Treanda, Treanda Ready to Dilute (RTD) (EP-3101) and Treanda RTD short infusion (EP-3102). Both are formulations of the drug bendamustine (Treanda), which treats chronic lymphocytic leukemia (CLL) and indolent B-cell non-Hodgkin's lymphoma (NHL). Treanda RTD is Eagle's first generation formulation, which is a ready-to-dilute, multi-dose liquid for use via a 500mL intravenous (IV) infusion bag. Eagle submitted a 505(b)(2) NDA for Treanda RTD in September 2013 and has an assigned PDUFA date of July 6, 2014.

The next-generation product, Treanda RTD short infusion, is another RTD liquid, but has a different formulation allowing it to be administered in a shorter time-frame than the current formulation (10 minutes versus 30-60 minutes) and comes packaged in a 50mL saline bag. Treanda RTD short infusion is currently being studied in a pivotal Phase I clinical trial.

Eagle's RTD formulations offer several benefits to hospitals over the current lyophilized Treanda marketed by Teva.

Treanda is available in two formulations, 25mg and 100mg single-use vials that contain lyophilized powder that requires reconstitution with sterile water before administration. After reconstitution, both formulations are then infused from a 500mL IV infusion bag for 30 minutes to patients with CLL and 60 minutes to patients with NHL. These administrations occur on the first two days of a 28-day chemotherapy cycle. Treanda has also been approved in a RTD formulation, and Teva is expected to introduce this product into the market imminently. Treanda has orphan drug exclusivity for each indication, as summarized below.[6] We note that Eagle only needs to wait for the expiration of the earlier of the two exclusivities (September 2015) to enter the market if it can gain FDA approval for its RTD Treanda and prevails in patent litigation. This end-of-2015 launch date is the earliest feasible launch date for Eagle, in our view.

Exhibit 5: Orphan Drug and Pediatric Exclusivities Protecting Treanda

Indication	Orphan Drug Exclusivity	Pediatric Exclusivity
CLL	October 31, 2015	May 1, 2016
NHL	March 20, 2015	September 20, 2015

Source: Cantor Fitzgerald research and FDA Orange Book

The lyophilized powder version of Treanda has several drawbacks that Eagle hopes to correct with its RTD version. There is a possibility for error when mixing the diluent, including using the wrong amount of diluent. The mixing process exposes healthcare professionals to potentially cytotoxic vapors. The reconstitution can also be time consuming and after reconstitution, the product can only be used for a limited time period (30 minutes) if the vial stopper has been opened. Both Eagle RTD formulations are liquids that do not require reconstitution prior to use, which eliminates the issues described above. Also, Eagle's RTD Treanda remains stable for a 28-day period which provides hospitals with more flexibility. We summarize the benefits of the liquid formulation and the development timelines for each formulation in exhibits 6-8.

[6] http://www.tevapharm.com/Media/News/Pages/2013/1880493.aspx?year=2013

Exhibit 6: Comparison of Treanda Powder and Liquid Formulations

Characteristic	Treanda	Eagle Formulations	Potential Benefit
Dosage form	Lyophilized powder	RTD liquid formulation	Reduced risk of dosing errors, less exposure to cytotoxic vapors, time savings
Stability after 1st use	30 minutes in vial	28 days in vial	Reduced product waste
Infusion time	30-60 minutes	10 minutes (Short infusion formulation)	Less time in chair for patient, greater office efficiencies
Fluid volumes	500mL	50mL (Short infusion formulation)	Less fluid load and lower potential for edema

Source: Cantor Fitzgerald research, company reports, and registration statement

Exhibit 7: Treanda Ready to Dilute (RTD) Upcoming Milestones

Date	Product	Indication	Milestone/Event
Jul-6-14	Treanda RTD	CLL/NHL	PDUFA
4Q:2014	Treanda RTD	CLL/NHL	Early launch assuming summary judgment and overcoming Orphan Drug exclusivity
Mar-16	Treanda RTD	CLL/NHL	Latest launch expected by management

Source: Cantor Fitzgerald research and company reports

Exhibit 8: Treanda Ready to Dilute Short Infusion Time Upcoming Milestones

Date	Product	Indication	Milestone/Event
Jun-14	Treanda RTD Short Infusion	CLL/NHL	Complete pharmacokinetics study
4Q:2014	Treanda RTD Short Infusion	CLL/NHL	Pre-NDA meeting with FDA
1Q:2015	Treanda RTD Short Infusion	CLL/NHL	Submit sNDA
2015	Treanda RTD Short Infusion	CLL/NHL	PDUFA
2016	Treanda RTD Short Infusion	CLL/NHL	Potential Approval/ Launch

Source: Cantor Fitzgerald research and company reports

While management aims to launch Treanda RTD at the end of 2014 (assuming a favorable summary judgment), we believe a launch is more likely to occur in 2016.

Eagle notified Teva Pharmaceuticals of its 505(b)(2) NDA filing for Treanda RTD and paragraph IV certification and Teva filed a patent infringement suit on October 21, 2013 in the United States District Court for the District of Delaware. Teva's filing of the lawsuit invoked the 30-month stay of FDA approval as indicated by the Hatch-Waxman Act, which means that Treanda RTD approval could be delayed until March 2016 if the district court does not shorten the period. Management indicated that it is prepared to launch at-risk at the expiration of the 30-month stay if it had an approved NDA, prevailed in the litigation, and faced an appeal of the decision from Teva. Under a worst case scenario, Teva may be able to negotiate a settlement with Eagle beyond this time frame.

Teva Pharmaceuticals sued Eagle on the basis of patent 8,445,524, which protects solid forms of bendamustine hydrochloride. Eagle has asserted that its formulation does not infringe on this patent because it is a solution rather than a solid form. Eagle also expects a separate lawsuit on Teva patent 8,344,006, which is a patent covering Teva's liquid formulation of bendamustine. However, the company did not certify against this patent in its 505(b)(2) application because it had not been listed in the Orange Book at that time. Management has also indicated that even if Eagle is sued on the '006 patent, it won't be part of its 30-month stay because of this technicality. Generic competitors will likely have to prove invalidity or non-infringement for Teva's patents 8,445,524 and 8,436,190. We summarize Teva patents and actions in Exhibit 9.

Exhibit 9: Teva Patents for Treanda

Teva Patents	Description	Teva Action	Eagle Non-Infringement Argument
8,445,524	Solid forms of bendamustine chloride	Sued	Solution should not infringe on solid form
8,436,190	Bendamustine pharmaceutical compositions	Not Sued	
8,344,006	Liquid formulation of bendamustine	Expect to be sued	Different formulation process

Source: Cantor Fitzgerald research and company reports

Eagle has filed a number of patent applications to protect its new formulations. We summarize its patents and pending patent applications in Exhibit 10.

Exhibit 10: Eagle Patent Applications for Treanda

Patent/ Application #	Expiration	Description
8,609,707	17-Dec-33	Formulations of Bendamustine
2011/0184036	28-Jan-31	Formulations of Bendamustine
2013/0210879	14-Feb-33	Formulations of Bendamustine
2013/0253025	15-Mar-33	Formulations of Bendamustine
2013/0253026	15-Mar-33	Formulations of Bendamustine

Source: Cantor Fitzgerald research and company reports

The 30-month stay invoked by Teva should delay Eagle's launch until at least March 2016, in our view, unless shortened by a summary judgment. Even under the best case scenario of a favorable summary judgment, Eagle would be blocked from the market until the expiration of the NHL pediatric exclusivity that follows orphan drug exclusivity (ending in September 2015). Unless Eagle can prove its product is clinically superior or distinct from Treanda, it cannot enter the market until this exclusivity period has ended (and we view this scenario as unlikely). A more realistic launch would occur in 2016 post 30-month stay or post generic settlement with Teva, in our view.

Since Eagle is estimating that its second-generation formulation, Treanda RTD short infusion, will have approval in the third quarter of 2015, we think the company may instead opt to forego launching the 500 mL RTD product, which is relatively similar to Teva's, and launch its second rapid infusion 50 mL bag in the 2016 time frame instead.

We think of Treanda as a declining asset due to recent market entry of Imbruvica and assume that Eagle could gain market entry approximately two years ahead of Teva generics:

Treanda represents Eagle's most attractive near-term, commercial opportunity, in our view. We estimate that 85% of Teva's reported 2013 Treanda sales of $709 million originated in the U.S. market (~$600 million). We think that Eagle will launch its rapid infusion form of bendamustine in early 2016 at a slight discount to branded Treanda, and in doing so, Eagle could capture up to 50% of the market share within three years given its product benefits and lower pricing. Though it is difficult to pinpoint the timing of other generic entrants for Treanda's lyophilized powder, for now, we estimate that this could occur in 2018 and therefore model more rapid price deterioration at that time. We therefore forecast peak year sales of this product in 2017, along with a healthy revenue tail associated with capturing a significant share of the market with the improved dosage form, even in the face of lyophilized powder generics. There could be potential upside to our estimates if Eagle is able to secure earlier market entry or if generic settlements are pushed out even further by Teva. The 30-month stay to the first generic filer on Teva's powder form of Treanda expires in December 2015, and we may have more visibility regarding generic launch by that time. The downside risk of course, is that Eagle can encounter launch delays for its product (either because FDA won't approve the NDA or because Teva litigation drags beyond expected timelines), in which case peak revenues would be significantly lower. For example, we estimate a negative $16/share impact to stock valuation if Eagle gets delayed to 2018 (or the same time as generics enter the market).

We model each of these scenarios in exhibits 11-12.

Exhibit 11: Eagle's Treanda Base Case Launch Scenario

	2013	2014	2015	2016	2017	2018	2019	2020
Estimated U.S. Branded Treanda Sales (Teva)*	$600.0	$588.0	$576.2	$564.7	$553.4	$542.4	$531.5	$520.9
Growth		*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*
Share Captured By Eagle's 50 mL Rapid Infusion Form				20%	40%	50%	51%	52%
Branded Treanda Sales Captured				$112.9	$221.4	$271.2	$271.1	$270.9
Eagle's Price Discount To Hospitals				10%	15%	75%	75%	75%
Eagle's Revenues				$101.6	$188.2	$67.8	$67.8	$67.7
Percent of Year Captured				70%	100%	100%	100%	100%
Total Eagle Revenues ($ in millions)				**$71.2**	**$188.2**	**$67.8**	**$67.8**	**$67.7**

*Source: Cantor Fitzgerald estimates, company reports, *Teva Global 2013 sales were $709 million*

Exhibit 12: Eagle's Treanda Worst Case Launch Scenario

	2013	2014	2015	2016	2017	2018	2019	2020
Estimated U.S. Branded Treanda Sales (Teva)*	$600.0	$588.0	$576.2	$564.7	$553.4	$542.4	$531.5	$520.9
Growth		*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*	*-2.0%*
Share Captured By Eagle's 50 mL Rapid Infusion Form						10%	20%	22%
Branded Treanda Sales Captured						$54.2	$106.3	$114.6
Eagle's Price Discount To Hospitals						75%	75%	75%
Eagle's Revenues						$13.6	$26.6	$28.6
Percent of Year Captured						100%	100%	100%
Total Eagle Revenues ($ in millions)						**$13.6**	**$26.6**	**$28.6**

*Source: Cantor Fitzgerald estimates, company reports, *Teva Global 2013 sales were $709 million*

Ryanodex is expected to be Eagle's next launch, and we assume Eagle's new dosage form can dominate this small market.

Eagle's Ryanodex (dantrolene) is a treatment for malignant hyperthermia (MH), a metabolic response triggered by exposure to certain inhaled anesthetics or muscle relaxants used during surgical procedures, which is fatal if not treated immediately. Eagle's product will consist of a single 5mL vial containing 250mg of dantrolene lyophilized powder that needs to be reconstituted. A pharmacokinetic study was completed for Ryanodex on August 2013 and Eagle has conducted a pre-NDA meeting with the FDA. Eagle submitted its 505(b)(2) NDA to the FDA in January 2014, and therefore, we expect market entry of this product in early 2015.

Ryanodex is more convenient, faster to use and offers safety benefits to patients.

Dantrolene is the only drug approved for the treatment for malignant hyperthermia and was introduced into the U.S. market in 1979. There are only 500-800 cases of MH a year, which qualified dantrolene for orphan drug designation. Dantrolene is stocked in all hospitals, typically in the operating room of hospitals, as required by the Joint Commission due to the immediately fatal nature of MH. It is critically important that the drug be administered quickly as MH symptoms include tachycardia, elevated blood pressure, raised CO_2 levels, and high body temperatures. Current dantrolene dosing requires reconstituting 10 to 20 vials of dantrolene to address the MH symptoms, which takes operating room staff approximately 15 to 20 minutes. It also requires significant fluid volume infused into the patient, which can sometimes cause other symptoms such as pulmonary edema and extravasation. The Ryanodex formulation will only require reconstitution of one vial rather than 10 to 20 vials, which will reduce administration time and the amount of fluid that the patient receives to only 5mL.

We expect Ryanodex to capture the majority of the market over time, with launch in early 2015.

We expect that most hospitals will switch to Eagle's Ryanodex, but expect the switchover may be a slow and steady process rather than a rapid replacement of the existing product stock. The current formulation of dantrolene that is stocked in hospitals has a shelf life of three years. Further, given the limited number of cases, 500-800 cases per year in the US, we think that the purchase of a new supply will be largely driven by an upcoming expiration date rather than by depleting supply. We think that hospitals will be reluctant to change over to a new product if they have recently restocked their supply of dantrolene, especially if they see fewer surgical patients. We therefore expect hospitals to switch products after their current dantrolene supply has expired, which may lead to more gradual uptake curve as compared to a product with higher use rates. We outline Ryanodex timelines in Exhibit 13 below.

Exhibit 13: Ryanodex Upcoming Milestones

Date	Product	Indication	Milestone/Event
4Q:2014	Ryanodex	Malignant Hyperthermia	FDA Approval
1Q:2015	Ryanodex	Malignant Hyperthermia	Product Launch

Source: Cantor Fitzgerald research and company reports

Eagle hopes to pursue a second indication for its reformulated dantrolene (Exertional Heat Stroke), which could make the asset attractive to potential buyers.

Exhibit 14: Ryanodex Exertional Heat Stroke Upcoming Milestones

Date	Product	Indication	Milestone/Event
1Q:2014	Dantrolene	Exertional Heat Stroke	Initiate rodent study
Mid-2015	Dantrolene	Exertional Heat Stroke	Begin Phase III study, potentially with military funding
4Q:2015	Dantrolene	Exertional Heat Stroke	Pre-NDA meeting with FDA
2Q:2016	Dantrolene	Exertional Heat Stroke	Submit 505(b)(2) NDA
2017	Dantrolene	Exertional Heat Stroke	Product Launch

Source: Cantor Fitzgerald research and company reports

Exertional heat stroke (EHS) is a rare medical condition involving extreme hyperthermia (temperature above 104 degrees Fahrenheit) that occurs when heat generated by the body through exercise cannot be dissipated at an adequate rate. It is one of the top three causes of sudden death in athletes, particularly in the months of July and August. Symptoms include delirium, convulsions, and coma. There are currently no FDA-approved products on the market to treat EHS. Treatment involves addressing the symptoms, including immediate body surface cooling with ice, but even if implemented properly patients are at risk of brain damage, organ damage and death. Eagle hopes to introduce Ryanodex for exertional heat stroke after completing additional clinical work. We believe that this formulation could theoretically be carried by emergency responders because of its low volume and simplified reconstitution process and represents another attractive asset for the company.

The military appears interested in this new indication for dantrolene and as a result has agreed to contribute funding to Eagle's studies.

Estimates of EHS cases in 2010 range from 23,000 to 38,000 with an incidence significantly higher in the military than in the regular population.[7] Rates of EHS in the military are estimated at 210 per 100,000. It is the number one cause of non-combat related death in the military. Given the rate of EHS in this population, Eagle has been collaborating with the U.S. military throughout its ongoing studies. The U.S. Army Institute of Environmental Medicine already has agreed to fund the rodent study that Eagle plans to initiate in the first quarter of 2014. Additionally, Eagle has already completed a Phase I trial and anticipates starting a pivotal clinical study to support its NDA submission in mid-2014, which management thinks could also receive military support.

Eagle's Ryanodex was granted orphan drug designation for both MH and exertional heat stroke and we summarize its patent estate in Exhibit 15.

Exhibit 15: Dantrolene Patent Estate

Patent #/ Application #	Expiration	Description
7,758,890	1-Jul-25	Treatment using dantrolene
8,110,225	24-Dec-22	Treatment using dantrolene
2012/0121662	1-Jul-25	Treatment using dantrolene
2012/0121663	24-Dec-22	Treatment using dantrolene

Source: Cantor Fitzgerald research and company reports

Eagle commissioned independent market research which identified populations at risk for exertional heat stroke (such as manual laborers, military personnel, football players, long distance runners, and those who overdose on stimulants). While the incidence of heat stroke in the general population may hover around 20 cases/100,000 in warm periods of the year, the firm estimates that "at risk populations" including active military personnel and athletes aged 15 to 24 have a 10 times higher risk of the condition. Furthermore, literature review indicates that rates of hospitalizations for exertional heat stroke have been increasing: in 1980 there were 1.8 cases per 100,000 as compared to 14.5 per 100,000 in 2001.

Eagle's market research firm assumed that dantrolene would be stocked in hospitals, ambulances and EMS helicopters. It also assumed that certain customer segments would need to purchase dantrolene annually, such as marathon and triathlon sites and the military. Further, it generated its estimates using pricing of $1,000 per vial with 3% annual price increases. Given all these assumptions, the firm estimated $50 million in sales in the first year in the U.S. market and $50 million in ex-U.S. markets and then $87 million in both markets by its fifth year post-launch. We do not include this product in our DCF valuation but instead view it as a sweetener to potential acquirers of the company.

[7] Market Research by independent firm commissioned by Eagle Pharmaceuticals

Eagle's Angiomax contribution will depend on the outcome of the current Hospira litigation with The Medicines Company.

Angiomax (bivalirudin) is a direct thrombin inhibitor, administered by IV infusion and used as an anticoagulant during surgical procedures. Eagle is currently developing as a ready-to-use (RTU) liquid formulation of Angiomax in a 250mL vial that can be administered to patients without requiring reconstitution. Eagle's product is expected to have a 12-month shelf life. Eagle completed a Type C meeting with the FDA in November 2013 and expects to submit a 505(b)(2) NDA in the first half of 2015. We outline Eagle's Angiomax development milestones in Exhibit 16. Angiomax is currently marketed by The Medicines Company. U.S. sales of Angiomax were approximately $550 million in 2013 and The Medicines Company management expects 10% annual growth for the product.

Exhibit 16: Angiomax Upcoming Milestones

Date	Product	Indication	Milestone/Event
1Q:2014	Angiomax	Percutaneous Transluminal Angioplasty	Registration batch manufacture
1Q:2015	Angiomax	Percutaneous Transluminal Angioplasty	Pre-NDA meeting with FDA
2Q:2015	Angiomax	Percutaneous Transluminal Angioplasty	Submit NDA
2016	Angiomax	Percutaneous Transluminal Angioplasty	PDUFA
2017	Angiomax	Percutaneous Transluminal Angioplasty	Start of launch window

Source: Cantor Fitzgerald research and company reports

If Hospira is able to enter the market with its Angiomax generic ahead of Eagle, we would expect this event to erode Eagles's competitive advantage. Hospira has submitted two ANDAs in 2010 seeking permission to market generic versions of Angiomax prior to the expiration of The Medicines Company's patents, and The Medicines Company filed suit in response to these applications. Both of Hospira's ANDA's have tentative approvals (September 2013 and February 2014), which means that Hospira will be able to launch one or both of the products after the legal proceedings have been resolved. A recent trial between the companies commenced on September 23, 2013. The Court ordered a post-trial briefing on December 27, 2013, and results from the trial are currently pending. We were unable to ascertain the differences between the two ANDAs, and Eagle management believes that they are essentially identical (with one acquired in a recent deal).

If the decision is favorable to Hospira, the Medicines Company could lose its Angiomax exclusivity as early as mid-2015. The only patent for Angiomax that hasn't been challenged by Hospira expires in July 2015, meaning that if the court favors Hospira, its products could launch after that patent expiration date. Eagle management currently expects generics to enter the market in May 2019 based on an existing generic settlement between The Medicines Company and APP (a division of Fresenius Kabi USA). If we model out a base case launch scenario for Eagle's product in early 2017, coupled with a 15% price discount and no generic entry until 2019, we would arrive at peak sales in the $120 million range in 2018, as summarized in Exhibit 17. If Hospira enters the market first, then we would only anticipate a minimal contribution from Eagle's Angiomax RTU to the company's revenues, with a negative valuation impact of $7/share to the stock. Based on the fact that these ANDAs are not believed to be different from applications with existing 2019 generic settlements, we think the downside scenario is relatively unlikely in this case.

Exhibit 17: Eagle's Angiomax Base Case Launch Scenario

	2013	2014	2015	2016	2017	2018	2019	2020
Branded U.S. Angiomax Sales	$550.0	$605.0	$665.5	$732.1	$732.1	$732.1	$732.1	$732.1
Growth		*10.0%*	*10.0%*	*10.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Share Captured By Eagle's RTU					10%	20%	25%	26%
Angiomax Sales Captured			0	0	$73.2	$146.4	$183.0	$190.3
Eagle's Price Discount					15%	15%	75%	75%
Eagle's Revenues			0	0	$62.2	$124.4	$45.8	$47.6
Percent of Year Captured					70%	100%	100%	100%
Total Eagle Revenues			**$0.0**	**$0.0**	**$43.6**	**$124.4**	**$45.8**	**$47.6**

Source: Cantor Fitzgerald estimates and company reports

We currently exclude Eagle's Alimta estimates from our model given its early stage of development, but note that there could be upside associated with this product if Lilly manages to favorably settle generic litigation.

Alimta, currently produced by Eli Lilly, is an IV-administered cancer agent approved for the treatment of non-small cell lung cancer (NSCLC) and mesothelioma. Alimta is presented as 100mg and 500mg single-use vials containing lyophilized powder that must be reconstituted and used within 24 hours (at room temperature). Eli Lilly reported U.S. sales of Alimta of approximately $1.2 billion in 2013. Eagle is developing a RTD liquid form of Alimta that will be available in a refrigerated 500mg multi-dose vial with extended stability. Again, like some of Eagle's other products, reconstitution will not be required, making it a preferred formulation as determined by the Joint Commission guidelines. Other benefits of the RTD liquid formulation over forms that need to be reconstituted include reduction in dosing errors from reconstitution, less work for medical staff, and reduction in exposure to cytotoxic vapors. The company's market research indicated that oncology nurses and hospital pharmacists also saw waste reduction benefits, and shorter patient wait times associated with Eagle's RTD. Eagle is currently performing pre-clinical formulation and toxicology studies for its RTD and anticipates seeking E.U. and U.S. approval for NSCLC and mesothelioma in 2015, with a hybrid application filing to the European Medicines Agency followed by a 505(b)(2) NDA filing to the FDA. Eagle management plans to file its NDA in 4Q:2015 and expects its Alimta RTD to launch in late 2016/early 2017, as summarized in Exhibit 18.

Exhibit 18: Alimta RTD Upcoming Milestones

Date	Product	Indication	Milestone/Event
1H:14	Alimta	Lung cancer, mesothelioma	Possible decision in Lilly generic cases
4Q:2014	Alimta	Lung cancer, mesothelioma	Registration batch manufacture
4Q:2015	Alimta	Lung cancer, mesothelioma	File 505 (b)(2) NDA
1Q:2016	Alimta	Lung cancer, mesothelioma	Paragraph IV notification and 30 month stay
4Q:16	Alimta	Lung cancer, mesothelioma	PDUFA
4Q:2016/ Early 2017	Alimta	Lung cancer, mesothelioma	Tentative product launch

Source: Cantor Fitzgerald research and company reports

We outline Eagle's best case/worst case scenarios for Alimta:

Eli Lilly is currently engaged in patent litigation involving Alimta. Alimta is protected by a composition of matter patent expiring in 2016, which is extended by pediatric exclusivity until January 2017, and a vitamin dosage regimen patent expiring in 2021, which is extended by pediatric exclusivity until May 2022. Eli Lilly reported as of January 2014, that Teva, APP Pharmaceuticals, Barr, Pliva, Accord Healthcare, Apotex Inc., Sun Pharmaceuticals, and Glenmark all submitted ANDAs requesting approval to market generic versions of Alimta prior to expiration of the vitamin dosage regimen patent, alleging that the patent is invalid. Lilly has responded to all of these filings seeking a ruling that its patent is valid and infringed. The first trial which included Teva, APP, Pliva, and Barr occurred in August 2013, and the company expects a ruling in 1H:14. Accord and Apotex are also bound by the decision of this trial.

Best case: If Lilly is able to settle this litigation with a generic launch closer to 2021, we think that Eagle would benefit from several years of earlier market entry with its RTD form of Alimta if it can enter the market in 2017 as planned. For example, if Eagle can capture approximately 15% of the market with its RTD form of Alimta, priced at a 10% discount to brand over the 2017-2020 period, then we estimate that the company could capture $100-200 million in annual revenues for a four-year period from this large blockbuster product in the U.S. We would risk-adjust these revenues by 50% given the compound's early development phase. If we include risk-adjusted Alimta in our valuation, it would add approximately $18/share in valuation, in our view. Management only expects to capture a small percent of branded Alimta sales since Eagle's RTD offers less differentiation from the branded drug than a product like its rapid infusion Treanda.

Worst case: If the first Alimta generic enters the market in early 2017, Eagle would be forced to compete with the generic pricing, potentially with a six-month lead time during the 180 day exclusivity period when it could take parity pricing to the first generic entrant. Afterwards, we would expect pricing to deteriorate (J-code pricing would incorporate generics and therefore, come down) before Eagle is able to capture a significant portion of the market. Under this scenario, we would only expect Eagle to make money in the first year (in the $50 million range) if it captures 10% of the market in 2017 and gains higher pricing during the first six months of generic entry. Eagle management believes that its RTD Alimta could take significant market share even in the presence of generics but we do not model this scenario for now.

Argatroban is expected to decline in 2014 due to generic competition.

As described previously, Argatroban is a treatment for heparin-induced thrombocytopenia (HIT) that was Eagle's first FDA approved product. Eagle's product is formulated as a single use vial, containing 50mL of drug in a 50mL aqueous solution that only wastes approximately 1% of the drug, in a RTU form. It was approved by the FDA on June 29, 2011 for treatment of HIT patients. It is currently marketed by The Medicines Company and Sandoz through agreements with Eagle.

Argatroban history: Eagle entered into a license agreement with The Medicines Company in September 2009 that granted it exclusive rights to commercialize argatroban in the United States and Canada and a right of first negotiation to commercialize the drug in other countries except China. The Medicines Company paid Eagle an upfront $5 million lump sum payment as part of this agreement. Medicines Company launched the product into the U.S. market in September 2011 and then experienced a supply disruption from approximately November 2011-April 2012. We think that sales of the product never fully recovered due to an unrelated dispute between the companies.

In 2013, Eagle Pharmaceuticals entered into a generic settlement agreement with Sandoz, Inc. to resolve the suit in which Eagle claimed infringement of patents 7,589,106 and 7,687,516, based on Sandoz' filing of ANDA No. 20374 on the 50 mg/50mL dose. Under the settlement, Sandoz is obligated to pay Eagle 85% of net profits from authorized generic product sales of the 50mg/mL dose and 60 to 70% of Sandoz's argatroban 125mg/125mL vial sales.

Argatroban had annual sales of $113.8 million in 2013, according to Source Health Analytics, and Eagle reported 2013 royalty revenue of $8.4 million for this product based on a blended royalty rate of approximately 29% (and estimated Eagle argatroban sales of $29 million). We expect multiple generic entrants in July 2014 upon the expiration of the last branded argatroban patent, which should lead to a rapid decline in Eagle revenue streams.

Management

Eagle has an experienced and responsive management team, and we believe that the company has conducted extensive market research with key hospital stakeholders to arrive at its current business model.

Exhibit 19: Company Management

Executive	Title	Biography
Scott Tarriff	President and Chief Executive Officer	Scott Tarriff is the founder of Eagle Pharmaceuticals and has served as president and CEO as well as a member of the board of directors since its founding in January 2007. Prior to joining Eagle, he served from September 2003 to September 2006 as president and CEO of Par Pharmaceuticals, Inc., which is a publicly-traded developer, manufacturer and marketer of specialty pharmaceuticals. He held various executive positions at Par Pharmaceuticals, Inc. after having joined the company in 1998. He also served on its board of directors from 2002 to September 2006. Prior to that, he held various executive roles at Bristol-Meyers Squibb and served on the board of directors of Clinical Data, Inc. He is currently a member of the board of directors of Synthetic Biologics, Inc. He holds an M.B.A. from Rider College and a B.S. in marketing from Pennsylvania State University.
David Riggs	Chief Financial Officer	David Riggs has served as CFO since November 2013. Prior to his role at Eagle, he served as a healthcare consultant to various biotechnology and pharmaceutical companies starting in 2010. He also served as CFO of Ferring Pharmaceuticals, Inc. from 2006 to 2010. From 2003 to 2005, he held various roles at eXegenics Inc., a pharmaceutical company that is now OPKO Health, Inc., including serving as CEO. He also served as CFO and vice president of Axys Pharmaceuticals from 2000-2001 until it was acquired. Prior to these positions, he has held various roles at Unimed Pharmaceuticals, Inc. as well as Fujisawa Pharmaceuticals, Inc., which was acquired by Astellas Pharma, Inc. He holds an M.B.A. from DePaul University and a B.S. in accounting from the University of Illinois.
Paul Bruinenberg, M.D.	Chief Medical Officer	Dr. Paul Buinenberg has served as the CMO and head of Research and Development since November 2011. From 2011 to 2013, he served as senior medical director of Aradigm Corporation, a publicly-traded pharmaceutical company focused on the treatment of respiratory diseases, where he managed development of Aradigm's early stage compounds. He also served as Vice President of Clinical research for Fulcrum Pharma Developments, Inc. Prior to that role, he founded Biotrack Consultancy in 2003, a provider of clinical research consulting. He also served as CMO for Yamanouchi Pharmaceuticals, which is now part of Astellas Pharma. He held various roles at F. Hoffman-La Roche AG and practiced medicine at Amstelveen Hospital. He holds a medical degrees from the University of Stellenbosch in South Africa, an M.B.A. from University of Njenrde in the Netherlands and an M.B.A. from Rochester University.
Steven Krill, P.H.D.	Chief Scientific Officer	Steven Krill has served as Chief Scientific Officer since February 2013 and as Vice President for Pharmaceutical Development from 2011 to 2013. Prior to his roles at Eagle, he served as the Vice President of Scientific Affairs at Teva Parenteral Medicines from 2009 to 2011. He also held positions including Vice President of Pharmaceutical Research and Development and Director of Pharmaceutics and Investigational Supplies at Boehringer Ingelheim from 2002 to 2009. He has held various management positions at Lipocine, Inc., Novartis Pharmaceuticals, and Abbott Laboratories. He has authored over 30 publications and holds multiple patents in the area of drug delivery. He holds a B.S. in Pharmacy and an M.S. in Pharmacy from the University of Cincinnati and a P.H.D. in Pharmaceutics from the University of Utah.

Source: Cantor Fitzgerald research and company reports

Financial Performance and Outlook

Revenues: Eagle's fiscal year ends in September so the company is now in the midst of its FY:2014. We model minimal revenues in 2014-2015 which we expect to originate primarily from declining sales of argatroban, offset by the 2015 launch of Ryanodex in MH. We do not expect Eagle to launch its Treanda RTD until 2016, which is when we model a $71 million contribution from this product. Thereafter, we expect some lumpiness in revenues which will be associated with new product launches, offset by declines as generics enter the market. Over time, we expect Eagle to establish a stable revenue foundation comprised of its older products which have taken large market shares in genericized markets.

COGS: Gross margins for Eagle are expected to remain lumpy for some time since the company owes significant royalties in the 50% range on products such as Angiomax and Alimta to its partners SciDose and Robert One. For this reason, we expect margins to come down and remain under pressure after the launch of these two products in the 2017-2020 time frame. COGS for Eagle encompass COGS on individual product sales along with its royalty payments to partners. We furthermore adjust estimates up slightly to account for various shipping and sampling costs discussed with management.

Longer term, management expects to enter into more attractive agreements on future products and may also attempt to re-negotiate its existing agreements.

SG&A: We anticipate growth in SG&A as the company adds headcount in the hospitals to launch Ryanodex in 2015, with further expansion in 2016 to launch Treanda RTD. However, we believe that Eagle won't need to make significant investments in hospital sales and marketing given the constraints on promotion in that setting and also its focus on hospital decision makers such as pharmacists rather than physicians and nursing staff. For this reason, we expect the SG&A spending to plateau by 2017. One unpredictable area of spending is legal since patent challenges may comprise an essential component of the company's strategy, so this investment may lead to some additional fluctuation not captured by our model.

R&D: We expect disciplined spending for R&D, primarily on formulation work, and manufacturing. For this reason, we model gradual increases in this line over time as the company amasses more pipeline programs. We are currently not expecting the company to spend on any clinical trial programs and note that management is working with the U.S. military in an attempt to secure funding for its Phase II/III program for Ryanodex in exertional heat stroke.

Other expense: At this time Eagle has no debt, and we are not expecting any borrowing and associated interest expense.

Tax: We believe that Eagle can become profitable in 2016. The company is currently selling its NOLs to the state of New Jersey in exchange for cash each year ($0.8 million, $0.9 million, and $1.3 million in 2012, 2013, and 2014, respectively), and we therefore expect the company to start paying taxes in its first year of profitability, albeit at a reduced rate. As of the close of its 2013 fiscal year (ending September 2013), Eagle reported approximately $27 million in NOLs. We assume a 35% corporate tax rate for Eagle beginning in 2017.

EPS: We model a loss of $1.56 in 2014 based on a net loss of $17.7 million and an average share count of 11.3 million. In 2015, we use the company's full expected share count of 14.5 million shares to derive an even bigger loss of $1.78, which is predicated on the idea that Treanda RTD will not reach the market until 2016. We model profitability and an EPS of $1.30 in 2017.

Cash: We assume that Eagle has approximately $55 million in cash on its balance sheet post-IPO. We don't think that the company will require additional capital to fund operations if it can launch Treanda RTD in early 2016. If this launch is delayed for any reason, we would expect another financing round. Furthermore, if Eagle opts to acquire any additional pipeline products it may need to identify a source of funding for that as well.

Valuation

We value Eagle Pharmaceuticals using a discounted cash flow analysis (DCF). We assume a weighted average cost of capital (WACC) of 13% given the risks associated with generic litigation. We assign a 1% terminal growth rate to the company since Eagle has patent estate around several other undisclosed product reformulations and generic applications. We outline our base case assumptions in Exhibit 20 and arrive at a $21 price target using this methodology. We note that there is additional upside to the story and also outline potential sources of value currently excluded from our assumptions.

Exhibit 20: Eagle Valuation Scenarios

Valuation Scenarios
Base Case DCF Valuation
Argatroban market deterioration 2H:14 due to generics
Treanda RTD launch in early 2016, no generics until 2018
Ryanodex MH launch in early 2015
Angiomax RTD launch in early 2017
Excluded Sources of Value (Upside)
Add international partner royalties (small)
Add approval of Ryanodex EHS (attractive to acquirers)
Add 50% risk-adjusted Alimta RTD launch in early 2017 (+$18/share)

Source: Cantor Fitzgerald research

With regard to downside risk, we believe that later than expected launch of the Treanda RTD, or earlier than expected generic entry of Angiomax generics could result in ($16/share) and ($7/share) downside to our base case scenario, respectively.

Risks

(1) Launch delays associated with generic litigation are the chief risk for Eagle, in our view, since early launch timing is critical to the company's success. This risk is especially prominent for the launch of Eagle's RTD Treanda and Angiomax products.
(2) Each of the company's reformulated injectable products needs to secure FDA regulatory approval so there is some degree of clinical risk to the business (although this risk is significantly lower than that for new chemical entities).
(3) Manufacturing issues or supply chain disruptions are another source of risk, and the company already dealt with a supply disruption for argatroban in 2012. We checked on recent FDA inspections of Eagle's manufacturing partners and note that we did not see anything worrisome.
(4) Hospital decision makers may become less accessible to drug manufacturers which could adversely impact Eagle's ability to educate hospitals about its products and build demand.

Exhibit 21: Eagle Income Statement (dollars in millions)

	2012	2013	1Q:14A	2Q:14E	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Revenues:													
Product Sales	1.2	5.3	2.2	1.9	0.7	0.4	5.2	4.5	80.9	247.1	209.8	133.3	135.4
Royalty Income	1.4	8.4	3.3	2.9	1.0	0.6	7.8	1.2	1.1	1.0	1.0	0.9	0.8
Collaborative licensing and development revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenues	**2.5**	**13.7**	**5.5**	**4.8**	**1.7**	**1.1**	**13.0**	**5.8**	**82.0**	**248.1**	**210.7**	**134.2**	**136.2**
Operating expenses:													
COGS	3.2	7.4	4.6	2.7	1.0	0.6	8.9	2.0	15.5	64.9	95.7	45.9	47.1
R&D	12.8	9.8	2.6	2.8	3.0	4.1	12.5	15.0	16.5	17.7	18.5	19.5	20.4
SG&A	6.4	5.0	1.3	1.5	2.0	3.2	8.0	15.0	26.0	31.2	32.8	34.4	36.1
Operating income (deficit)	**(19.8)**	**(8.5)**	**(3.1)**	**(2.2)**	**(4.3)**	**(6.8)**	**(16.4)**	**(26.2)**	**24.0**	**134.4**	**63.8**	**34.4**	**32.5**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.8	1.4	1.7	1.8
Interest expense	(0.1)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(0.3)	1.8	(0.2)	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Income	(20.2)	(6.9)	(3.3)	(2.2)	(4.3)	(6.8)	(16.6)	(25.8)	24.4	135.2	65.1	36.0	34.3
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	35.0%	35.0%	35.0%	35.0%
Tax expense (benefit)	(0.8)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	4.9	47.3	22.8	12.6	12.0
Net Loss	**(19.4)**	**(6.0)**	**(3.3)**	**(2.2)**	**(4.3)**	**(6.8)**	**(16.6)**	**(25.8)**	**19.5**	**87.9**	**42.3**	**23.4**	**22.3**
Dividend payment	(3.9)	(3.8)	(1.1)	0.0	0.0	0.0	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0
stockholders	**(23.3)**	**(9.9)**	**(4.4)**	**(2.2)**	**(4.3)**	**(6.8)**	**(17.7)**	**(25.8)**	**19.5**	**87.9**	**42.3**	**23.4**	**22.3**
Weighted average common shares	10.6	19.5	3.0	13.9	14.2	14.2	11.3	14.5	15.0	15.5	16.0	16.5	17.0
Diluted EPS	**($2.20)**	**($0.51)**	**($1.44)**	**($0.16)**	**($0.30)**	**($0.48)**	**($1.56)**	**($1.78)**	**$1.30**	**$5.67**	**$2.65**	**$1.42**	**$1.31**

Margin Analysis	**2012**	**2013**	**1Q:14A**	**2Q:14E**	**3Q:14E**	**4Q:14E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Gross Margin	-24.7%	46.0%	15.8%	43.3%	43.0%	42.8%	31.6%	66.1%	81.2%	73.8%	54.6%	65.8%	65.4%
COGS	124.7%	54.0%	84.2%	56.7%	57.0%	57.2%	68.4%	33.9%	18.8%	26.2%	45.4%	34.2%	34.6%
SG&A	252.0%	36.2%	24.5%	31.4%	116.7%	298.9%	61.4%	260.1%	31.7%	12.6%	15.5%	25.6%	26.5%
R&D	504.2%	71.6%	47.1%	58.6%	175.1%	389.3%	95.9%	260.1%	20.1%	7.1%	8.8%	14.5%	15.0%
Operating Margin	-780.9%	-61.8%	-55.8%	-46.7%	-248.8%	-645.4%	-125.6%	-454.2%	29.3%	54.1%	30.3%	25.6%	23.9%
Net Income Margin	-918.2%	-72.3%	-79.9%	-46.7%	-248.7%	-645.3%	-135.7%	-447.1%	23.8%	35.4%	20.1%	17.4%	16.4%
Growth (Y/Y)	**2012**	**2013**	**1Q:14A**	**2Q:14E**	**3Q:14E**	**4Q:14E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**
Net Sales		439%	270%				-5%	-56%	1322%	203%	-15%	-36%	2%
SG&A		-23%	-30%				61%	88%	73%	20%	5%	5%	5%
R&D		-24%	17%				28%	20%	10%	7%	5%	5%	5%
EBIT	-	-				-	-		-192%	459%	-53%	-46%	-5%
Interest income		-91%	98%				57%	8021%	-15%	134%	70%	19%	6%
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-		NM	870%	-52%	-45%	-5%
Net Income	-	-	-	-	-	-	-		-176%	350%	-52%	-45%	-5%
Diluted EPS	-	-	-	-	-	-	-		-173%	336%	-53%	-46%	-8%

Source: Cantor Fitzgerald estimates and company reports

Exhibit 22: Eagle Sales Estimates (dollars in millions)

	2012	2013	1Q:14A	2Q:14E	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Royalty Revenue													
ARGATROBAN													
Sales	3.5	29.0	12.5	11.0	4.0	2.5	30.0	5.0	4.5	4.3	4.1	3.9	3.7
Growth							3.4%	-83.3%	-10.0%	-5.0%	-5.0%	-5.0%	-5.0%
Royalty	39.5%	28.8%	26.1%	26.3%	26.0%	25.6%	26.1%	24.9%	24.5%	24.2%	23.8%	23.4%	23.1%
ARGATROBAN ROYALTY REVENUE	$1.4	$8.4	$3.3	$2.9	$1.0	$0.6	$7.8	$1.2	$1.1	$1.0	$1.0	$0.9	$0.8
Growth		504.3%	166.2%				-6.2%	-84.1%	-11.3%	-6.4%	-6.4%	-6.4%	-6.5%
Product Sales													
ARGATROBAN													
Sales	1.2	5.3	2.2	1.9	0.7	0.4	$5.2	0.8	0.7	0.7	0.6	0.6	0.5
Growth		360.0%	770.9%				-2.2%	-84.4%	-11.3%	-6.4%	-6.4%	-6.4%	-6.5%
RYANODEX													
Sales							0.0	3.7	9.0	14.7	16.9	19.1	19.5
Growth									142.9%	63.2%	14.8%	13.3%	2.0%
TREANDA RTD													
Sales									71.2	188.2	67.8	67.8	67.7
Growth										164.4%	-64.0%	0.0%	-0.1%
ANGIOMAX RTU													
Sales										43.6	124.4	45.8	47.6
Growth											185.7%	-63.2%	4.0%
TOTAL REVENUE	2.5	13.7	5.5	4.8	1.7	1.1	13.0	5.8	82.0	248.1	210.7	134.2	136.2
Growth		*438.7%*	*270.3%*				*-4.7%*	*55.8%*	*1321.9%*	*202.6%*	*-15.1%*	*-36.3%*	*1.5%*

Source: Cantor Fitzgerald estimates and company reports

Exhibit 23: Eagle Balance Sheet (dollars in millions)

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Assets									
Current Assets:									
Cash and cash equivalents	5.1	10.5	54.8	27.7	43.0	121.5	158.3	177.2	180.2
Short term investments	1.5	0.0	1.5	3.0	4.5	6.0	7.5	9.0	10.5
Accounts receivable	1.6	5.1	3.2	1.4	5.5	16.5	14.0	8.9	9.1
Prepaid expenses and other assets	0.5	1.9	2.0	2.0	2.1	2.1	2.2	2.3	2.3
Inventories	0.1	0.0	0.1	0.0	0.7	6.1	18.0	17.3	35.5
Other assets	0.1	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2
Total current assets	**8.9**	**17.5**	**61.6**	**34.2**	**55.9**	**152.4**	**200.2**	**214.9**	**237.8**
Property and equipment, net	0.5	0.4	0.3	0.2	0.2	0.2	0.1	0.2	0.2
Other assets	0.1	0.2	1.2	2.1	3.1	4.0	4.9	5.8	6.8
Total assets	**9.4**	**18.1**	**63.1**	**36.6**	**59.1**	**156.6**	**205.3**	**220.9**	**244.8**
Liabilities and stockholders' equity									
Current Liabilities:									
Accounts payable	1.4	1.2	1.6	0.3	2.8	11.6	17.1	8.2	8.4
Accrued expenses	1.3	3.1	2.8	2.5	2.3	2.1	1.8	1.7	1.5
Notes payable	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue	9.5	10.0	10.3	10.6	10.9	11.3	11.6	12.0	12.3
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	**20.9**	**14.3**	**14.7**	**13.5**	**16.0**	**24.9**	**30.6**	**21.8**	**22.2**
Redeemable Series C preferred stock warrants	0.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Series A convertible preferred stock	26.0	20.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Series B convertible preferred stock	36.3	30.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Series B-1 convertible preferred stock	19.0	19.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Series C convertible preferred stock	0.0	20.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	**102.9**	**106.0**	**14.7**	**13.5**	**16.0**	**24.9**	**30.6**	**21.8**	**22.2**
Common stock	0.0	0.0	106.0	106.0	106.0	106.0	106.0	106.0	106.0
Additional paid-in capital	2.1	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Accumulated deficit	(95.5)	(102.1)	(71.8)	(97.1)	(77.1)	11.4	54.6	78.9	102.4
Total stockholders' deficit	**(93.4)**	**(87.9)**	**48.4**	**23.0**	**43.1**	**131.6**	**174.8**	**199.1**	**222.5**
Total liabilities and stockholders' deficit	**9.438**	**18.1**	**63.1**	**36.6**	**59.1**	**156.6**	**205.3**	**220.9**	**244.8**

Source: Cantor Fitzgerald estimates and company reports

Exhibit 24: Eagle Cash Flow Statement (dollars in millions)

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Operating Cash									
Net income	(19.4)	(6.0)	(16.6)	(25.8)	19.5	87.9	42.3	23.4	22.3
Depreciation	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Stock-based compensation	0.4	0.3	0.4	0.5	0.5	0.7	0.8	0.9	1.1
Non-cash interest expense	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of deferred financing costs	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Amortization of debt discount	0.2	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	1.1	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Changes in Working Capital	**2.8**	**(2.8)**	**2.1**	**0.5**	**(2.3)**	**(7.6)**	**(3.9)**	**(3.0)**	**(18.0)**
Accrued expenses and other liabilities	(0.5)	1.7	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Operating Cash Flow	**(15.5)**	**(5.9)**	**(14.9)**	**(25.6)**	**16.9**	**80.1**	**38.5**	**20.6**	**4.6**
Investing Cash									
Purchases of property and equipment	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Proceeds from short term investments	3.0	1.5	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Investing Cash Flow	**3.0**	**1.5**	**(1.6)**	**(1.6)**	**(1.6)**	**(1.6)**	**(1.6)**	**(1.7)**	**(1.7)**
Financing activities									
Proceeds from Convertible Notes and Warrants	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from IPO/Equity Offerings	0.0	9.8	50.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred financing costs	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred IPO costs	0.0	(0.0)	(3.5)	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	14.3	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	**9.5**	**9.8**	**60.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Increase (decrease) in cash and cash eqivalents	**(3.0)**	**5.4**	**44.4**	**(27.2)**	**15.3**	**78.5**	**36.8**	**18.9**	**2.9**
Cash and cash equivalents, at beginning of period	**8.1**	**5.1**	**10.5**	**54.8**	**27.7**	**43.0**	**121.5**	**158.3**	**177.2**
Cash and cash equivalents, at end of period	**5.1**	**10.5**	**54.8**	**27.7**	**43.0**	**121.5**	**158.3**	**177.2**	**180.2**

Source: Cantor Fitzgerald estimates and company reports

Exhibit 25: Companies Mentioned

Company Name	Exchange	Ticker	Rating
Accord Healthcare (subsidiary of Intas)	N/A	N/A	N/A
Actavis Plc	NYSE	ACT-USA	NC
Apotex Corporation	N/A	Private	NC
APP Pharmaceuticals (subsidiary of Fresenius SE & Co. KGaA)	N/A	N/A	N/A
Barr Pharmaceuticals (subsidiary of Teva Pharmaceutical Industries)	N/A	N/A	N/A
Cadence Pharmaceuticals, Inc.	NASDAQ	CADX-USA	NC
Cubist Pharmaceuticals, Inc.	NASDAQ	CBST-USA	HOLD
Cumberland Pharmaceuticals Inc.	NASDAQ	CPIX-US	NC
Eli Lilly and Company	NYSE	LLY-US	NC
Endo Health Solutions	NASDAQ	ENDP-US	SELL
Fresenius Kabi USA (a subsidiary of Fresenius SE & Co. KGaA)	N/A	N/A	N/A
GlaxoSmithKline plc	London	GSK-LON	NC
Glenmark Pharmaceuticals Limited	BSE India	532296-IN	NC
Hospira, Inc.	NYSE	HSP-USA	NC
Impax Laboratories, Inc.	NASDAQ	IPXL-USA	NC
JHP Pharmaceuticals	N/A	Private	NC
Medicines Company	NASDAQ	MDCO-USA	NC
Mylan Inc.	NASDAQ	MYL-USA	NC
Pliva (subsidiary of Teva Pharmaceutical Industries)	N/A	N/A	N/A
Robert One LLC	N/A	Private	NC
Sagent Pharmaceuticals, Inc.	NASDAQ	SGNT-USA	NC
Sandoz (subsidiary of Novartis)	N/A	N/A	N/A
SciDose LLC	N/A	Private	NC
Sun Pharmaceutical Industries Limited	BSE India	524715-IN	NC
Teva Pharmaceutical Industries Limited	Tel Aviv	TEVA-TAE	NC
Trevena, Inc.	NASDAQ	TRVN-US	NC
US WorldMeds	N/A	Private	NC
West-Ward Pharmaceuticals	N/A	Private	NC

Source: Cantor Fitzgerald research and FactSet

Company Description

Eagle Pharmaceuticals is a specialty pharmaceutical company focused on developing and commercializing reformulated versions of injectable products in the hospital market utilizing the 505(b)(2) pathway. Eagle has several products in development that it expects to launch over 2015-2017.

Disclosures Appendix

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SELL: We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

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SELL - denotes stocks that we expect to provide a total negative return of more than 15% over a 12 month period. A SELL rated stock is expected to underperform the total average return of the analyst's industry coverage universe on a risk adjusted basis.

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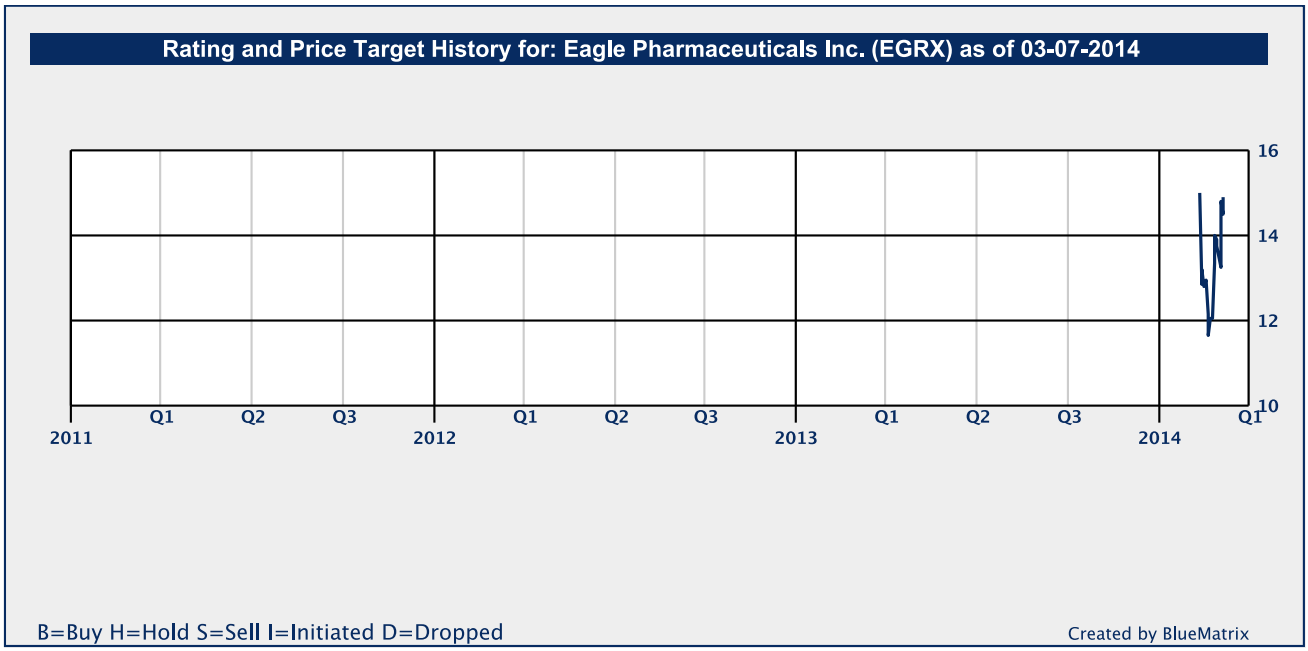

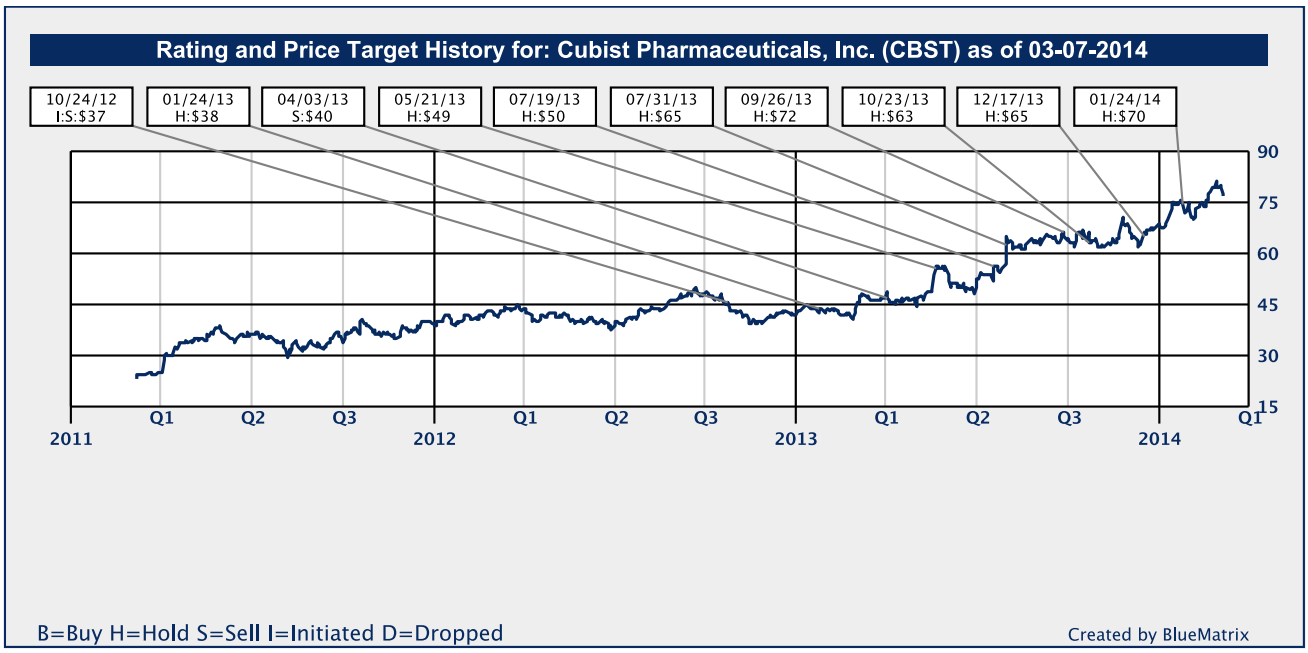

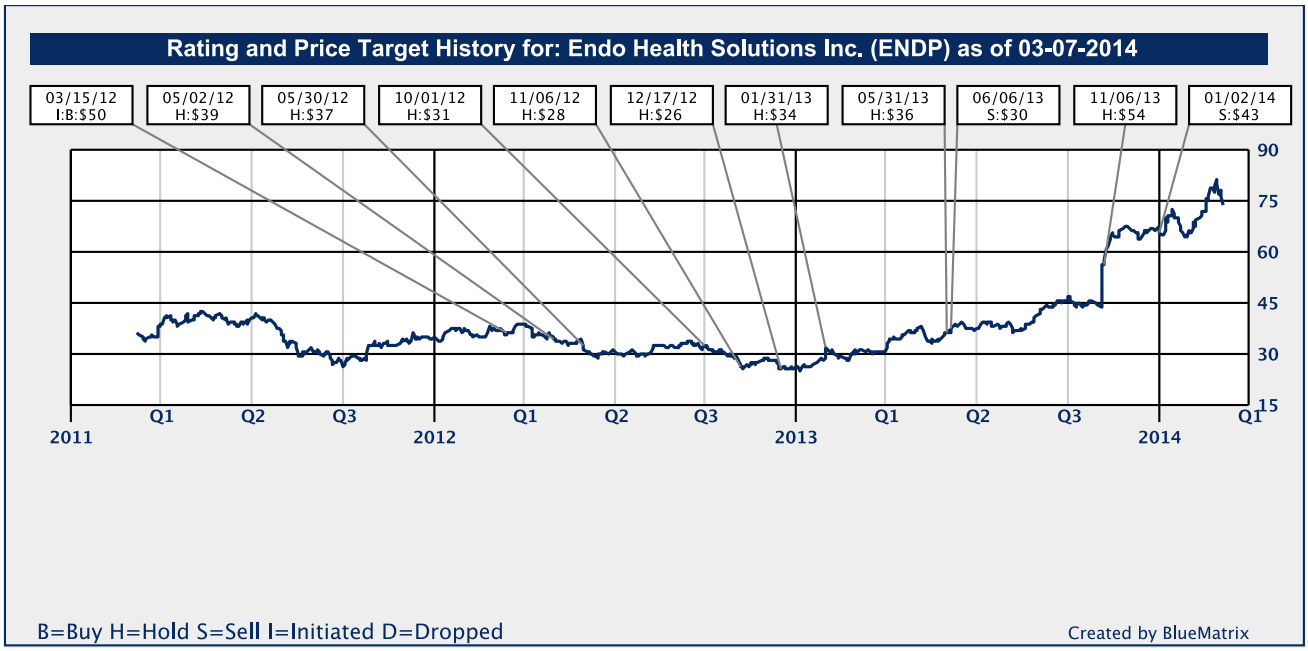

Distribution of Ratings/Investment Banking Services (IB) as of 03/10/14

Cantor

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [B]	73	52.14	17	23.29
HOLD [H]	56	40.00	7	12.50
SELL [S]	11	7.86	1	9.09