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MALCOLM BAKER
ELISABETH KEMPF
PHILIPPE VAN DER BECK

Progyny (Abridged)

On March 14, 2024, Aida McCorvey, a portfolio manager at Aldorin Capital Advisors (ACA), was reconsidering her investment thesis in Progyny (NASDAQ Ticker: PGNY). She had to decide whether to reduce, maintain, or increase her position in Progyny's stock. In the previous month, its stock price had fallen from $41.38 per share on February 15 to close at $35.40 on March 14. Headquartered in New York City, Progyny was a business-to-business fertility benefits provider. Its 566 employees generated total revenue of $1.1 billion in 2023; it had a 22% gross margin, generating a gross profit of $239 million.

In 2017, the American Medical Association had officially classified infertility as a disease.[1] In 2019, 1 in 8 U.S. couples faced fertility challenges—the inability to conceive after 12 months of concerted effort.[2] Since its first successful use in 1978, in vitro fertilization (IVF) was used as an assisted reproductive technology (ART) to treat infertility, enable gestational surrogacy, and limit the transmission of genetic abnormalities. The typical IVF treatment involved stimulating ovulation, extracting one or more eggs, fertilizing the eggs with sperm in a laboratory medium ("in vitro" is Latin for "in glass"), and implanting the resulting embryo in a woman's uterus after several days.[3] Patients had to decide what to do with any unused embryos, which could be cryogenically stored (i.e., frozen) for future use, donated, or destroyed.[4]

On February 16, 2024, the Alabama Supreme Court declared that the state would legally consider embryos created through IVF to be children—with an associated right to life—for the purposes of state law. Because many embryos created during IVF procedures were discarded,[5] Alabama had for all intents and purposes banned the treatment. Investors were forced to consider how the Alabama ruling would impact the operations, financials, and market perception of companies like Progyny in the fertility treatment sector.

IVF Market

The CDC's 2021 Fertility Clinic Success Rates Report showed that "approximately 238,126 patients had 413,776 ART cycles performed at 453 reporting clinics in the U.S. during 2021, resulting in 91,906 live births (deliveries of one or more living infants) and 97,128 live born infants."[6] Even though the use of ART had more than doubled over the past decade, only 2.3% of infants born in the U.S. were

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conceived using ART.[7] Of the 413,776 ART cycles performed in 2021, 167,689 were egg or embryo banking cycles, meaning that the resulting eggs or embryos were frozen for future use. [8]

Most IVF patients went through two to three cycles, but some underwent as many as 10 without success, at a cost of about $23,000 per cycle.[9] Patients sought to increase the chances of success by fertilizing multiple eggs, as it improved the likelihood of obtaining more viable embryos for transfer, ultimately increasing the chances of a successful pregnancy. Only 16 of 50 states mandated infertility coverage. However, less than half of all patients had fertility benefits.[10] As of 2020, approximately 60% of large employers offered fertility benefits, although this share was much lower among small employers.[11] In 2021, the global ART market size was $20 billion, and it was expected to increase to $41.5 billion by 2028.[12]

Company Background

In 2008, inspired by her own fertility journey, Gina Bartasi (OPM 33, 2004) founded Fertility Authority, a digital platform providing information sharing and social networks for individuals facing fertility challenges. After a merger with biotechnology company Auxogyn in 2015, the company was rebranded as Progyny and became a fertility benefits provider, selling comprehensive solutions to self-insured employers.[13][14] Progyny raised $14.7 million in Series B financing in 2016, as well as $10 million in Series B extension financing in 2017, including investments from lead investors Kleiner Perkins, TPG Biotech, and SR One.[15][16] Bartasi left Progyny in 2016. See **Exhibit 1** for Bartasi's biography alongside the Progyny Management Team.

Employers paid Progyny a per-employee subscription fee and paid for employees' treatment when they used Progyny benefits.[17] Progyny sought to cut patient and employer costs by providing successful clinical outcomes. Progyny executives said that women with traditional coverage plans often made compromises in treatment to save money, sometimes opting to implant multiple embryos in their wombs at the same time. This choice increased the chance of becoming pregnant but also increased the chance of becoming pregnant with twins or triplets.[18]

Progyny provided comprehensive coverage for patients' entire treatment cycles, offering customized bundles of services called Smart Cycles. Smart Cycles included everything from IVF and fertility drugs to surrogacy. Progyny also covered all diagnostic testing, including the genetic screening of embryos, which could cost $5,000 and helped identify genetic diseases and miscarriage risks.[19] Patients covered by Progyny gained access to a network of 950 fertility specialists at 650 clinics across the U.S. who provided them with logistical help, treatment advice, and emotional support.[20]

Progyny's patients, using independently verified outcomes from in-network clinics, reported a 62.8% pregnancy rate per IVF transfer compared to the national average of 53.8%. Progyny patients experienced miscarriage rates of 15.8% compared to the national average of 18.4%.[21] Progyny attributed these rates to its patients achieving faster pregnancies, undergoing fewer rounds of fertility treatment, taking less medication, and having diagnostic testing covered.[22] Progyny was the "only benefits provider reporting verified outcomes for every member… Superior outcomes drive cost avoidance for clients and reduce physical, emotional and financial toll on members."[23]

By 2018, Progyny patients could opt into Progyny Rx, a pharmacy benefits service. Progyny claimed this service improved dispensing and delivery times, reduced the risk of missing a treatment cycle, and simplified administrative tasks. It delivered unit cost savings of 10% to 20% with additional savings of up to 10% stemming from waste management. [24] Progyny billed its clients for the medication dispensed to their employees in connection with authorized fertility treatments.

In October 2019, Progyny (PGNY) went public, offering 10 million shares at $13 per share.[25] It became the first fertility benefits company to go public (see **Exhibit 2** for Progyny's stock price history).

Financial Performance and Unit Economics

In 2023, Progyny's revenue had grown by 38%, surpassing $1.0 billion in revenue for the first time (see **Exhibit 3** for Progyny's financial statements). The company's revenue came from two main sources: fertility benefits (62%) and pharmacy benefits (38%). The pharmacy benefits had increased from 17% to 38% of the revenue mix between 2019 and 2023 and were expected to increase further.[26] Executives attributed the company's growth to a growing recognition by employers that infertility was an important and common medical concern as many employees were waiting longer to have children.[27] The company was profitable with a net profit of $62.0 million.

In 2023, Progyny covered more than 5.3 million lives and 58,013 ART cycles. The average revenue per ART cycle was $18,765, consisting of $11,658 in medical revenue and $7,107 in Rx revenue per cycle.[28] In January 2024, Progyny was penetrating 6 to 7% of the large, self-insured employer market and 17% of Fortune 500 companies.[a][29]

Competitors

In 2016, competitors Carrot Fertility and Stork Club launched, offering fertility benefits and connections to doctors. In 2018, competitor Kindbody launched, offering employer fertility benefits while running its own clinics that offered a full range of fertility services.[30] In 2019, investors put $150 million into fertility companies overall, including those that made at-home fertility tests, offered sperm testing and storage services, and offered egg-freezing services.[31] By then, Kindbody had raised nearly $30 million, Carrot just over $17 million, and Stork Club just over $3 million.[32] Another notable competitor was Maven Clinic, which offered fertility as a part of a comprehensive platform focused on women's and family health. Amazon, one of Progyny's largest clients in the U.S., had "tapped virtual reproductive health company Maven Clinic to provide fertility and family building support to its employees across 50 countries" outside of the U.S. and Canada.[33]

Valuation

To form an opinion about the fundamental value of Progyny's shares, an investor like McCorvey who followed the company closely might have a valuation model of the company prior to a significant event like the Alabama ruling. A model like this would rely on recent analyst projections for key metrics on Progyny's income statement and balance sheet (see **Exhibit 4**). In general, analysts had commented positively on Progyny's comparatively low overhead costs and expected improving operating profit margins.[34]

A Changing Legal Landscape

Recent federal and state judicial rulings regarding reproductive rights had increased the legal uncertainty surrounding IVF treatments in the U.S. In 1973, the Supreme Court of the United States (SCOTUS) had recognized a right to abortion—one rooted in the Due Process Clause of the 14th Amendment to the U.S. Constitution—in its landmark *Roe v. Wade* decision. However, SCOTUS did not recognize an absolute right to abortion. Instead, SCOTUS ruled that this right needed to be balanced

[a] A self-insured employer assumes financial responsibility for their employees' health claims by paying such claims directly.

against the state's interests in protecting prenatal life and women's health. Specifically, the *Roe* decision created a legal framework in which no limits could be placed on the right to abortion during the first trimester of pregnancy, reasonable regulations could be imposed during the second trimester, and abortion could be (largely) prohibited during the third trimester.[35]

In the years following the *Roe* decision, U.S. citizens and politicians had increasingly clashed about whether abortion should be legal and how to regulate it, with proponents tending to emphasize pregnant women's rights to privacy and bodily autonomy and opponents tending to emphasize the rights of the unborn fetus.[36] In 1992, SCOTUS abandoned *Roe*'s trimester framework in favor of a legal framework based on fetal viability in *Planned Parenthood v. Casey*. Nonetheless, *Casey* upheld *Roe's* central holding, i.e., that the Due Process Clause protects a woman's right to abort a nonviable fetus and that federal and state laws cannot place an undue burden on the exercise of this fundamental right.[37]

In December 2021, SCOTUS heard arguments in *Dobbs v. Jackson Women's Health Organization*. In *Dobbs*, Jackson Women's Health Organization—Mississippi's only abortion clinic—sued the State of Mississippi over its ban on most abortions after 15 weeks of pregnancy, claiming it violated the precedents laid down in *Roe* and *Casey*. In June 2022, SCOTUS ruled that *Roe* and *Casey* had been wrongly decided and that, in fact, there was no Constitutional right to abortion. In effect, *Dobbs* allowed each individual state legislature to regulate abortion as it saw fit.[38] In its wake, many Republican-leaning states enacted significant abortion restrictions—with some largely banning the procedure altogether.[39]

Although these abortion restrictions did not immediately impact IVF treatments, there was uncertainty about the stage of embryonic development at which different states would outlaw abortion.[40] Specifically, if a state legislature decided to (largely) ban abortion at all stages of embryonic development, then it might also make it illegal to dispose of any unused embryos created via IVF.[41] In the United States, nearly all IVF clinics provided embryo cryopreservation services and nearly half provided preimplantation genetic testing, both of which resulted in discarded embryos.[42]

In February 2024, the Alabama Supreme Court ruled that frozen embryos should be considered as children under state law, treating any harm done to these embryos as being equivalent to harming a child.[43] It was the first state to do so.[44] Chief Justice Tom Parker wrote that, "Even before birth, all human beings bear the image of God, and their lives cannot be destroyed without effacing his glory."[45]

Following the ruling, fertility clinics throughout Alabama paused IVF treatment out of fear that every embryo that did not result in a successful pregnancy could carry legal repercussions. Patients debated freezing embryos indefinitely or sending them out of state for disposal, each of which could add tens of thousands of dollars to the overall IVF process. Embryo storage cost $400 to $1,500 per year without insurance. After facing public pressure following the court ruling, Alabama enacted a law providing civil and criminal immunity to both providers and recipients of IVF services in early 2024. However, critics pointed out that the law fell short of defining personhood.[46]

The Impact on Progyny

On May 15, 2022, after the draft SCOTUS opinion in *Dobbs* had been leaked, some analysts recommended that investors avoid buying Progyny's stock.[47] On May 25, Progyny CEO Peter Anevski responded to investors' concerns, arguing that the outcome of *Dobbs* would not impact the company:

> From a financial point of view, there is no risk to us, and here's why. Overturning *Roe v. Wade* creates an impact in the dozen-or so states that have already enacted so-called

> trigger laws that would restrict or eliminate access to abortion. Those laws vary by state in how they're written. Texas is the largest by far of those trigger-law states and their law is explicit in that it doesn't impact the patient's ability to pursue fertility treatments such as IVF. Looking across the other states with trigger laws, collectively, our total exposure to those states is less than 3%.[48]

However, on the day of the Alabama ruling in 2024, Progyny's stock price dropped from nearly $41 per share to $35. Nevertheless, analysts at Truist Securities believed the ruling would not hurt Progyny, reiterating a Buy opinion with a price target of $47.[49] J.P. Morgan analysts concurred, saying:

> When assessing the potential risk to Progyny's business, it is worth noting that Alabama represents a small proportion of volumes with clinics in that state, making up less than 0.5% of ART volumes in the US […]. While there is fear that this could result in a chain reaction to other states, many states that adopted abortion restrictions post *Dobbs* still mandate fertility coverage […] and others purposefully excluded language that would negatively impact fertility treatments.[50]

Others, however, believed the Alabama ruling cast a shadow over the future of IVF and companies like Progyny. They cited an ongoing battle in Florida over whether it would follow in Alabama's footsteps and adopt a similar ruling.[51] They also pointed to 2024 Republican presidential candidate Nikki Haley, who considered frozen embryos created in IVF as babies. She said, "When you talk about an embryo, you are talking about, to me — that's a life — and so I do see where that's coming from when they talk about that."[52] If other states adopted a similar ruling as Alabama, then Progyny's total addressable market (TAM) would drop.

The analysts' projections for the possible impact of the Alabama ruling on Progyny's future performance could be distilled into two broad scenarios, summarized in **Exhibit 5** and **Exhibit 6**. The more optimistic of the two scenarios considered a one-time reduction in the level of revenue of 3%, reflecting the current share of Progyny's revenue generated in states with abortion trigger bans like Alabama. In this scenario, the revenue would be 3% lower each year than her baseline revenue from **Exhibit 4**. The more pessimistic scenario considered an impact both on the level of revenue, as well as a reduction in future growth, leading to a reduction in revenue of 3% initially growing to 14.3% relative to the baseline in 2032.

Decision

Recent academic research showed that political partisanship shaped financial analysts' perception of economic fundamentals (see **Exhibit 7**). The recent holdings changes of the largest investors in Progyny seemed to corroborate this view: Fund managers located in Republican states had reduced their holdings in Progyny more than fund managers located in Democratic states (see **Exhibit 8**). This suggested that investors' own politics, including McCorvey's, might interfere with a dispassionate assessment of Progyny's market value.

McCorvey wondered whether the recent fall in Progyny's stock price was justified by its newly reduced addressable market or whether investors were overreacting to the news of the Alabama ruling, perhaps reflecting their own political partisanship. In an investment memo earlier that spring, which reaffirmed her thesis for ACA's position in PGNY, McCorvey had used a discount rate of 10%, and she had assumed that Progyny's free cash flows would grow at 2% in 2033 and beyond. Progyny was facing a corporate tax rate of 21% and had 96.3 million shares outstanding.

Exhibit 1 Progyny Founder and Executive Management Team Biographies

Name, Age, Title	Biography
Gina Bartasi, Founder	Gina Bartasi is a seasoned entrepreneur in the fertility services industry, currently serving as Founder and Executive Chairman of Kindbody. Prior to Kindbody, Ms. Bartasi founded Progyny, which went public in 2019. Her entrepreneurial journey began with FertilityAuthory, which merged with Auxogyn to form Progyny. Ms. Bartasi holds an undergraduate degree from the University of North Carolina at Chapel Hill and has completed executive education programs at Harvard Business School. in Radio, Television, and Motion Pictures.
David Schlager, 64, Executive Chairman	David Schlanger has served as our Executive Chairman since January 2022 and as a member of our board of directors since March 2017. Mr. Schlanger was previously our Chief Executive Officer from January 2017 to December 2021. From August 2013 to September 2016, he served as the Chief Executive Officer of WebMD, an online provider of information relating to health and well-being. Prior to that, Mr. Schlanger served as the Interim Chief Executive Officer and in various other senior executive positions at WebMD and its predecessor companies for more than 15 years, including as Senior Vice President, Strategic and Corporate Development and Senior Vice President, Corporate Development. Mr. Schlanger received his B.S. from Georgetown University and his J.D. from the University of Michigan Law School.
Peter Anevski, 56, Chief Executive Officer and Director	Peter Anevski has served as our Chief Executive Officer and a member of our board of directors since January 2022. He previously served as our Chief Operating Officer from January 2017 to December 2021, our President from June 2019 to December 2021, and our Chief Financial Officer from January 2017 to September 2020. Mr. Anevski has extensive experience managing financial functions for public companies. From May 2013 to September 2016, he served as the Executive Vice President and Chief Financial Officer of WebMD. Prior to that, Mr. Anevski served in senior finance and operations roles at WebMD and its predecessor companies for 14 years, including as Senior Vice President, Finance. Mr. Anevski received his B.A. in Accounting from Montclair State University.
Allison Swartz, 35, Executive Vice President, General Counsel and Secretary	Allison Swartz has served as our Executive Vice President, General Counsel since November 2022. Ms. Swartz was previously the Deputy General Counsel at K Health Inc., a growth-stage digital healthcare company, and a Lecturer in Law at the University of Glasgow from 2021 to 2022. Prior to that, she worked at Centene Corporation, the largest managed care organization in the United States, from 2015 until 2021, where she held multiple senior positions, including Regional General Counsel and Privacy Officer and General Counsel of their Texas subsidiary Superior HealthPlan Inc. Ms. Swartz holds a B.S. in History, a M.A. in Healthcare Administration, and a J.D. from the University of Maryland.
Mark Livingston. 58, Chief Financial Officer	Mark Livingston has served as our Chief Financial Officer since September 2020. Previously, Mr. Livingston served as our Executive Vice President of Finance from May 2019 to September 2020. Prior to that, he served as Chief Financial Officer of the international business at Scripps Network Interactive, a media company, where he worked from August 2010 to April 2018 and as Chief Financial Officer of Emerson, Reid & Company, an employee benefits wholesaler, from June 2007 to August 2010. Previously, Mr. Livingston held senior financial leadership roles at WebMD and Hess Corporation. Mr. Livingston received his B.S. from Tulane University and is a licensed Certified Public Accountant.
Michael Sturmer, 47, President	Michael Sturmer has served as our President since January 1, 2022 and was previously Executive Vice President, Chief Growth and Strategy Officer from February 2021 to December 2021. Mr. Sturmer has over two decades of operations, sales, and strategic experience in the healthcare industry. From September 2016 to February 2021, he was Senior Vice President of Health Services at Livongo. Prior to that, Mr. Sturmer held several senior positions at Cigna, including Chief Operating Officer for the New York/New Jersey Health Plan. Mr. Sturmer received his B.A. in Health Administration from Quinnipiac University.

Source: Founder: Casewriters using information from public LinkedIn profile (https://www.linkedin.com/in/gina-bartasi/) and UNC College Magazine (https://magazine.college.unc.edu/tar-heels-up-close/serial-entrepreneur/). May 2024. For Management Team: Progyny, SEC Schedule 14A Information (Rule 14a-101) 2024, Accessed at https://investors.progyny.com/static-files/ef9ddcbd-3bc8-4e92-9bb5-ec0b7b4c09d8, May 2024.

Exhibit 2 Progyny's Stock Price History from its Initial Public Offering (IPO) through March 14, 2024

Source: Centre for Research on Security Prices. May 2024.

Exhibit 3 Progyny Historical Financial Statements, Fiscal/Calendar Years 2019-2023

Income Statement ($MM)	2019	2020	2021	2022	2023
Fertility benefit services revenue	$189.6	$253.5	$355.6	$510.1	$676.3
Pharmacy benefit services revenue	$40.1	$91.3	$145.0	$276.8	$412.3
Revenue	**$229.7**	**$344.9**	**$500.6**	**$786.9**	**$1,088.6**
Cost of services	$184.1	$274.8	$388.5	$619.6	$849.8
Selling, general, and administrative (SG&A)	$33.8	$59.8	$78.5	$142.4	$174.3
Depreciation and amortization	$2.1	$1.9	$1.3	$1.6	$2.3
Profit from operations	**$9.7**	**$8.4**	**$32.3**	**$23.3**	**$62.2**
Other income (expense)	-$18.3	$0.3	$0.1	$1.1	$8.5
Profit (loss) before income tax benefit (provision)	**-$8.6**	**$8.7**	**$32.4**	**$24.4**	**$70.7**
Income tax benefit (provision)	$0.0	$37.8	$33.3	$5.9	-$8.7
Net income attributable to common stockholders	-$8.6	$46.5	$65.7	$30.4	$62.0

Balance Sheet ($MM)	2019	2020	2021	2022	2023
Assets					
Current assets:					
Cash and cash equivalents	$80.4	$109.3	$119.4	$189.3	$371.1
Accounts receivable	$47.1	$75.7	$134.6	$240.1	$241.9
Other current assets	$5.0	$5.3	$4.6	$4.5	$27.5
Total current assets	**$132.5**	**$190.2**	**$258.5**	**$433.9**	**$640.4**
Property and equipment, net	$3.1	$3.4	$5.0	$8.4	$10.2
Other non-current assets	$15.0	$60.4	$94.5	$100.8	$106.0
Total assets	**$150.5**	**$253.9**	**$358.0**	**$543.0**	**$756.6**
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	$19.4	$43.5	$61.4	$109.3	$125.4
Other current liabilities	$16.8	$34.3	$37.4	$50.2	$60.5
Total current liabilities	**$36.2**	**$77.8**	**$98.8**	**$159.5**	**$186.0**
Long-term debt	$0.0	$9.2	$7.4	$6.5	$17.2
Total stockholders' equity	$114.3	$166.9	$251.8	$377.0	$553.4
Total liabilities and stockholders' equity	**$150.5**	**$253.9**	**$358.0**	**$543.0**	**$756.6**

Source: Adapted from Progyny 10-K, 2023, 2022, and 2020.

Exhibit 4 Analyst Projections for Key Performance Metrics (millions of dollars, except percentages and days)

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Fertility Benefit Services (in $m)[‡]	$781.1	$930.4	$1,098.9	$1,286.1	$1,492.1	$1,715.3	$1,954.8	$2,207.9	$2,471.8
Pharmacy Benefit Services[‡]	$529.6	$635.5	$756.3	$884.9	$1,026.4	$1,180.4	$1,327.9	$1,467.4	$1,599.4
Total Revenue[‡]	**$1,310.7**	**$1,566.0**	**$1,855.1**	**$2,171.0**	**$2,518.5**	**$2,895.7**	**$3,282.7**	**$3,675.3**	**$4,071.2**
Gross Margin[‡]	22.4%	22.9%	23.3%	23.7%	24.1%	24.4%	24.7%	25.0%	25.3%
SG&A / Revenue[‡]	15.2%	14.2%	13.4%	12.7%	12.0%	11.4%	11.0%	10.6%	10.2%
Other Current Assets / Revenue[‡]	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Accounts Payable / OpEx[1,*]	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Other Current Liabilities / OpEx[1,*]	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
Depreciation and amortization[*]	$2.6	$3.1	$3.7	$4.3	$5.0	$5.8	$6.6	$7.4	$8.1
Capex[*]	$3.9	$4.7	$5.6	$6.5	$7.6	$8.7	$9.9	$11.0	$12.2
Days Receivable[‡]	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0

Source: [‡] Truist Securities, "Progyny, Inc. (PGNY)," February 26, 2024, accessed March 2024 via Refinitiv database; [*] Casewriters adapted from Truist Securities, "Progyny, Inc. (PGNY)," February 26, 2024, accessed March 2024 via Refinitiv database.

Note: [1] Operating expenditures (OpEx) are defined as cost of services + SG&A. Cost of services is the difference between revenue and gross profit.

Exhibit 5 State-by-State Overview, as of March 2024

State	Employer Insured Population	[1]	[2]	[3]	[4]	[4] without Texas
Alabama	2,274,100	1 = Yes	0 = No	1 = Yes	1= Yes	1 = Yes
Alaska	325,000	1	1	1	0	0
Arizona	3,273,400	0	0	0	0	0
Arkansas	1,212,700	1	0	1	1	1
California	17,951,800	0	0	0	0	0
Colorado	2,998,800	0	1	0	0	0
Connecticut	1,842,300	0	0	0	0	0
Delaware	498,300	0	0	0	0	0
District of Columbia	367,800	0	0	0	0	0
Florida	8,743,700	1	1	0	0	0
Georgia	5,120,900	1	1	0	0	0
Hawaii	679,100	0	0	0	0	0
Idaho	896,300	1	0	0	1	1
Illinois	6,526,500	0	1	1	0	0
Indiana	3,460,700	1	1	0	1	1
Iowa	1,656,500	1	1	0	0	0
Kansas	1,517,600	0	1	1	0	0
Kentucky	2,004,400	0	0	0	1	1
Louisiana	1,805,300	1	1	1	1	1
Maine	632,700	0	0	0	0	0
Maryland	3,240,200	0	0	0	0	0
Massachusetts	3,673,400	0	1	0	0	0
Michigan	4,935,000	0	0	1	0	0
Minnesota	3,125,000	0	0	0	0	0
Mississippi	1,201,200	1	0	0	1	1
Missouri	3,098,400	1	1	1	1	1
Montana	475,000	1	0	0	0	0
Nebraska	1,031,200	0	0	1	0	0
Nevada	1,456,200	0	0	0	0	0
New Hampshire	758,900	1	0	0	0	0
New Jersey	4,963,900	0	0	0	0	0
New Mexico	741,600	0	0	0	0	0
New York	9,045,200	0	0	0	0	0
North Carolina	4,811,900	0	0	0	0	0
North Dakota	421,100	1	0	0	1	1
Ohio	5,891,400	1	0	0	0	0
Oklahoma	1,678,300	1	1	1	1	1
Oregon	1,990,500	0	0	0	0	0
Pennsylvania	6,392,700	0	0	0	0	0
Rhode Island	538,100	0	0	0	0	0
South Carolina	2,303,500	1	1	0	0	0
South Dakota	452,000	1	0	1	1	1
Tennessee	3,311,000	1	0	0	1	1
Texas	13,854,500	1	0	1	1	0
Utah	1,994,400	1	1	1	0	NA
Vermont	299,800	0	0	0	0	0
Virginia	4,417,500	0	0	1	0	0
Washington	3,978,100	0	0	0	0	0
West Virginia	741,000	1	0	1	1	1
Wisconsin	3,125,400	0	0	0	0	0
Affected Population		**61,959,600**	**44,903,000**	**45,863,500**	**36,411,000**	**22,556,500**
Percent of Total		39.2%	28.4%	29.0%	23.0%	14.3%

Source: Casewriters, using data from "States With Legislation That Threaten IVF Treatment," *Wall Street Journal,* March 4, 2024, Accessed on May 27, 2024: https://www.wsj.com/politics/policy/ivf-embryo-personhood-abortion-bills-rulings-7ed8b0f8.

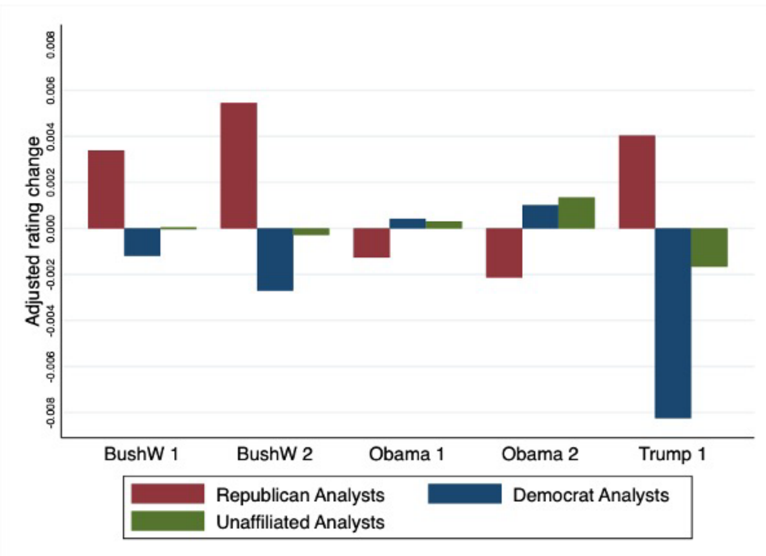
Note: [1] States where Republicans held the majority in both chambers of the legislature as well as the governorship; [2] States with bills that considered embryos as people when they are created, including during the IVF process and relate to the storage, care, and disposal of embryos; [3] States that allow a cause of action for the wrongful death of an unborn child at any stage of development; [4] States with a total ban on abortion in effect.

Exhibit 6 Scenarios for Revenue Impact of Alabama Ruling

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
One-Time Reduction	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
One-Time Reduction and Reduced Growth	97.0%	95.6%	94.2%	92.8%	91.4%	89.9%	88.5%	87.1%	85.7%

Source: Casewriter estimates.

Exhibit 7 Political Partisanship of Credit Analysts



Source: Kempf, Elisabeth, and Margarita Tsoutsoura, 2021, Partisan Professionals: Evidence from Credit Rating Analysts, *Journal of Finance* 76, 2805-2856.

Note: The figure plots the average adjusted quarterly rating change for Democratic, Republican, and unaffiliated credit analysts for each presidential term between 2000-2018. Adjusted rating changes are computed by taking the quarterly rating change and subtracting the average rating change within the same firm and quarter. Positive (negative) numbers indicate that analysts from a given group were more likely to upgrade (downgrade) relative to the average analyst.

Exhibit 8 Changes in Holdings between March 2022 and June 2023 by Investor Location

Blue States	Reduced PGNY?	Red States	Reduced PGNY?
TPG Capital , L.P	Yes	American Cent Investment Management, Inc.	Yes
Blackrock, Inc.	No	Eagle Asset Management, Inc.	Yes
Delaware Management Co.	Yes	Dimensional Fund Advisors, L.P.	Yes
Vanguard Group, Inc.	No	Charles Schwab Investment Management, Inc.	No
Fred Alger Management, Inc.	Yes	Polen Capital Management, LLC	Yes
Clearbridge Investments, LLC	No	Wachovia Corporation	Yes
Fidelity Management & Research Co.	Yes	Fort Washington Investment Advisors, Inc.	No
State Street Corporation	No	Principal Financial Group, Inc.	No
JPMorgan Chase & Company	No	Luther King Capital Management Corp.	Yes
Jennison Associates, LLC	No	State Teachers Retirement System Ohio	Yes

Source: Casewriters' analysis using data from Thomson Reuters 13F. May 2024.

Note: States are classified into red and blue states using vote shares from the 2020 presidential election.

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